FINANCIAL NEWS

Carrols achieves 52% profit gain

SYRACUSE—Carrols Corp., operator of more than 100 Burger Kings and the country's second-largest franchisor of candy and nut shops, said net profits for the second quarter ended Nov. 30 jumped 52% from the year-earlier-quarter to $1.1 million on revenues that rose 40% to $29.8 million.

Net profits for the first half were up 37% to $3 million while revenues rose 43% to $62.3 million over the prior year. This year's first half covered 27 weeks of operations compared to 26 weeks last year.

This year's results include the operations of Jo-Ann's Nut House Inc., which Carrols acquired at the start of the fiscal year. At the end of the first half there were a total of 159 Jo-Ann's and Chez Chocolate units.

Herbert Slotnick, Carrols' chairman, said earnings and revenues from the company's Burger Kings "continued to increase at a rapid pace." Revenues from restaurants in operation a year or more rose 9.4% over prior year levels, while customer counts increased 7.3% in the second quarter. Slotnick said the gains were "noteworthy" because they came against "an extremely strong 1982 period" during which Burger King launched its controversial but successful "battle of the burgers" comparative advertising campaign.

Carrols operated 104 Burger Kings at the end of the first half. An additional unit has been added since then, and three more are planned for the balance of the fiscal year.

The company said its gains were achieved despite an increase in Carrols' effective tax rate to 46% from 34%.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Carrols	3 mos. 6 mos.	11/30			$ 29.800 62.300	40.0 43.0	$ 1.100 3.000	52.0 37.0
Chi-Chi's	3 mos. 6 mos.	10/31			37.900 74.300	59.0 68.0	4.300 8.000	83.0 81.0
Consul Corp.	3 mos. 6 mos.	11/30			13.981 27.000	200.0 92.0	0.120 0.801	30.0 95.0
Family Entertainment Ctrs.	3 mos. 9 mos.	10/2			3.690 16.200	32.0 111.0	– 0.436 0.783	
Int'l Multifoods	3 mos. 9 mos.	11/30	$285.000 783.000	– 5.0 – 5.0			13.600 24.800	11.0 – 4.0
Luby's Cafeterias	3 mos.	11/30			38.900	14.0	3.600	14.0
Morrison	3 mos.	11/26			227.000	10.0	9.800	14.0
Mr. Steak	12 mos. 3 mos.	10/2			63.809 18.353		0.802 0.313	
People's Restaurants	3 mos. 12 mos.	6/26	27.300	368.0	11.900		0.718 1.800	156.0 132.0
Restaurant Systems	3 mos. 9 mos.	10/1			6.900 22.100	16.0 13.0	0.361 0.987	16.0 26.0
Shoney's	12 mos.				398.000	18.0	23.000	30.0
Western Steer	3 mos. 9 mos.	11/4			9.000 24.700	28.0 25.0	0.494 0.949	65.0 44.0

Source: *Company earnings reports*

**In millions*

†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Rest. Systems profit rises 16% for 3rd quarter

ATLANTA—Restaurant Systems Inc., a 27-unit Wendy's franchisee, advanced net profit 16% to $361,000 for the third quarter ended Oct. 1 from the previous year's comparable period.

Third-quarter revenues were $6.9 million, also a 16% gain.

For the three-quarter, 40-week period, net profit was $987,000, up 26% from the 1982 period, and revenues were $22.1 million, up 13%.

The company, which was formerly known as B&S Foods, completed its initial public stock offering on Sept. 29.

In addition to its Wendy's operations, Restaurant Systems also operates one Sister's Chicken & Biscuits outlet, two Butters units, which is its own fast-food concept, and develops and markets computer software for the food-service industry.

Mr. Steak profit $802,000 for year

DENVER—Mr. Steak Inc. reported a net profit of $802,000 on revenues of $63,809,000 for the fiscal year ended Oct. 2, 1983. The company last year reported a net loss of $1,565,000 on revenues of $59,797,000 for fiscal 1982.

During the fourth quarter Mr. Steak earned a profit of $313,000 on revenues totaling $18,353,000. By comparison, Mr. Steak suffered a net loss of $1,157,000 on revenues of $15,219,000 for the fourth quarter ended Sept. 26, 1982.

Mr. Steak operates and franchises restaurants throughout the United States and Canada. As of Oct. 2, 1983, there were 243 Mr. Steak restaurants in operation.

Mr. Steak, through its wholly owned subsidiaries, provides processing, sales and distribution of U.S.D.A. choice beef and associated meat and food products to the restaurant, food-service and retail food industries.

The company also distributes equipment and supplies and provides accounting services to the restaurant industry. The international headquarters of Mr. Steak are located here.

Chi-Chi's net profit rises 83% to $4.3 million in qtr.

LOUISVILLE, Ky.—Chi-Chi's Inc. said its net profit for the second quarter ended Oct. 31 rose 83% over last year's comparable period to $4.3 million on revenues that increased 59% to $37.9 million.

For the first six months of fiscal 1984, net profit was up over the prior year by 81%, to $8 million, on revenues that rose 68% to $74.3 million.

Chi-Chi's now has a total of 115 Mexican dinnerhouses.

The company also said it intends to issue 1.5 million new shares of common stock, with proceeds to be used for capital expenditures, "possible acquisitions" and "other business opportunities."

Chi-Chi's, which had a single restaurant in 1976, now operates in 33 states and four Canadian provinces.

Franken going public

FORT MYERS, Fla.—Franken Sundae International Inc., a development-stage company without stores, revenues, or profits, hopes to go public for $1.5 million to start a chain of semiself-serve ice cream shops.

The self-underwritten offering intends to sell 1.5 million units priced at $1 each. A unit is one share of stock and one warrant to purchase another share.

Forty-six-year-old John R. Goode founded the company last July after running a similar concept in New Hampshire until 1976. He has also run tourist boats, invested in real estate, founded a bank and operated a North Carolina restaurant.

The Franken Sundae concept rests on customers garnishing their own cones and sundaes from a toppings bar. Decor is supposed to resemble a "Frankenstein-type laboratory."

Morrison posts 14% profit

MOBILE, Ala.—Morrison posted a 14% net profit gain to $9.8 million on a 10% increase in revenue to $227 million for the second quarter ended Nov. 26 compared to the same period a year earlier.

Morrison operates 154 Morrison's Cafeterias in 16 states, 27 Ruby Tuesdays, two L&N Fishmarket restaurants in seven states and nine Morrison's Family Buffet restaurants. Morrison's food-service management division services approximately 300 industrial and educational feeding accounts.

People's 1st qtr. profit up 156%

RICHARDSON, Tex.—People's Restaurants Inc., a Bonanza steakhouse spinoff, has reported first quarter net profits of $718,000 on revenues of $11,900,000. For the comparable period ended Sept. 26, 1982, profits were $281,000 on revenues of $4,588,000.

People's, the operator and franchisor of 55 dinnerhouses, reported a net profit of $1.8 million for the year ended June 26, an increase of 132% over the previous year. Sales increased 368% to $27.3 million over the fiscal year.

Wilson Foods files plan aimed at ending Chap. 11

OKLAHOMA CITY—The Chapter 11 bankruptcy proceedings under which Wilson Foods has been operating since early 1983 may be completed by April.

A plan that would eliminate Wilson's over-funded retirement program as well as see its Albert Lea, Minn., plant sold for approximately $15 million in cash and notes was filed.

Big Cheese set for public offering

WICHITA, Kan.—A five-unit Big Cheese pizza franchisee has filed a plan to go public, intending to raise up to $2.5 million to develop the St. Louis, Mo., market.

Gateway Pizza Inc., which is running in the red, hopes to sell 300,000 to 500,000 units at $3.50 each. Every unit consists of two shares of stock and a warrant to buy another share.

The hallmark of the 92-unit Big Cheese chain is a 4-lb. pizza with 1 lb. of cheese, big enough to serve six and priced at $11.

Gateway was founded in 1979 by 38-year-old president Stephen J. Hogan, a restaurant insurance salesman. Insiders will retain about 26% of the fledgling company's stock.

Multifoods 3rd quarter net climbs 11% to $13 million

MINNEAPOLIS—International Multifoods Corp., a diversified food-service company based here, recorded third quarter net profits up 11% to $13.6 million compared to the year earlier period. Sales fell 5% to $285 million.

For the nine months ended Nov. 30, International Multifoods suffered a 4% drop in net profits to $24.8 million and a 5% decline in sales to $783 million.

International Multifoods, a franchisor of approximately 1,000 Mister Donut shops and a franchisee of 39 Hickory Farm stores, operates principally in the United States, Canada, Venezuela and Mexico. The company also manufactures and distributes flour, cereal, cake mixes, cheese, oat, rice and corn products.

"Devaluation of the bolivar [Venezuelan currency] was the major factor underlying a decline from last year's sales and earnings in our consumer, industrial and agriculture segments, although volume and earnings in local currency were up sharply in Venezuela," said Andre Gillet, president and chief operating officer of International Multifoods.

Spotlight on Finance

A new NRN feature focusing on the latest financial news and trends

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Family Entertainment loses $436,622 in 3rd qtr.

ROCKVILLE, Md.—Family Entertainment Centers, a Pizza Time Theater franchisee, reported a loss of $436,622 for the third quarter, ended Oct. 2.

Revenues, however, rose 32% to $3.69 million over the year earlier period.

For nine months net profit increased more than fivefold to $78,385 while revenues increased 111% to $16.2 million.

Patrick A. Hopf, chairman, linked the third-quarter results to disappointing profitability and average weekly sales at the Chuck E. Cheese pizza entertainment centers. The company operates 16.

To reverse its losses the company has undertaken an aggressive diversification program, becoming a franchisee of G. D. Ritzy's and forming two concepts, Marie Antoinette's Bakery and Cafe and Zachary's. The latter is a gourmet hamburger and chicken place.

SPOTLIGHT ON FINANCE

Restaurant companies scrambling to go public

By Rick Telberg

Buoyed by the biggest stock market rally in 50 years, restaurant companies are making a mad dash to go public before the window slams shut in the next six months.

At least three dozen food-service operations floated initial public offerings last year. *Going Public*, a Philadelphia-based newsletter, says that's a record-breaker. Only 12 restaurant concerns made such a move in 1982, and that was considered a big year.

Restaurants raised well over $300 million last year—to expand, to slash debt ratios, to borrow anew or simply to reap rewards for years of entrepreneurial risk.

Rick Telberg

Window Narrowing

"It was very easy to raise money in '83," glowed Ken Jones, controller at Rax Restaurants, which grossed almost $20 million after following a crafty debt offering with equity. "But it's going to be a lot harder in '84."

The window is narrowing, ironically, for the more financially sound firms. The speculative issues of firms with little or no track records should dominate the next several months. Notes Norman G. Fosback, editor of *News Issues* newsletter in Fort Lauderdale, Fla.: "Penny stocks dominate the end of the cycle."

Almost 900 American companies went public last year, reaping almost $13 billion. By contrast, over 1,000 launched themselves in 1969, another great year for public offerings. But never was so much money made as this time.

As 1984 dawned two big issues were warming up on deck: Chili's upscale burgers and El Torito Mexican dinnerhouses. But early signs showed they could miss their top-target prices by wide margins as singed investors took an increasingly close look at new issues.

For example, T.G.I. Friday's, which was the biggest issue of the year at $78.75 million, was forced to accept $17.50 a share instead of the $20 it had hoped for. The compromise cost $11.25 million.

But it didn't end there. The market quickly knocked down its only slightly unreasonable 25 multiple to 19, undercutting the stock to about $13. Some say it soured the market on restaurant IPO's.

An investor, if he had bet a dollar on every new restaurant issue of the year, would have barely broken even.

But for restaurant companies, it was all gravy. Taco Villa hoped to go public for $10-$12 a share. Executives weren't unhappy with the eventual $8.

"We would have been better off if we had gone earlier," said Robert Barnes, executive vice president at the 41-unit Texas Mexican fast-feeder. "But we didn't want to risk our growth plans. We got the money and everything's on schedule."

Taco Villa insiders who cashed in for half of the company's $8 million take weren't grumbling either.

But Taco Villa's entrepreneurs were among the lesser millionaires last year. The Davenport family, for example, pocketed over $5 million when their Krystal Inc. spun off Po Folks.

Marno McDermott, Chi-Chi's founder, saw his $1 million stake in Fuddrucker's mushroom to almost $20 million after the upscale burger chain's stock more than doubled on the open market. Steak-and-Ale founder Norman Brinker apparently hopes for the same with Chili's.

Companies as well as individuals cashed in on the free-for-all. Carlson Cos., which also owns hotels and coffee shops, launched Friday's. W. R. Grace will carve out El Torito. Sea Galley presented Flakey Jake's to stockholders. And Bonanza cloned itself with U.S.A. Cafes.

Other already public firms are capitalizing on the high premiums a booming market will pay for growth. Chi-Chi's, Saga, Shoney's and Bob Evans have moved to float secondary offerings.

"You're going to see fewer IPO's this year," predicts George S. Rich at underwriter Alex. Brown & Sons in Baltimore, "because a lot of the big money institutional buyers are tapped out. But they'll pay for quality."

The great majority of public offerings came from new ventures, most of them franchisees of national chains and many of them with little or no track records.

Twistee Freez of Cape Coral, Fla., for example, raised $5 million before it had a single store open. Pastabilities of Parsippany, N.J., had one unit. And Sport's of Reno had only one.

The successes of these fledgling enterprises figure to be spectacular, almost as spectacular as the sure-to-come shakeouts will be.

The verdict is already in on Double R Fast Foods of New York which went public for $3 million. By the end of the year it had sold its Roy Rogers franchise back to Marriott after the galloping Riese Organization won away the territory.

But a lot of companies, despite the frenzy, backed away from the stock market. Kettle Restaurants of Houston scuttled its prospectus after recession reached the Oil Patch where its coffee shops make their home.

A late-in-the-year entry, Village Inn franchisee Family Restaurants Inc. of Denver, canceled its dream too. Harrumphed an executive: "The market's gone bad. We're too late."

But it's not too late for many others. Investment bankers say their going-public calendar is full through the first quarter. Analysts say the stock market will run strong through the first half of the year. And many offerings are already in the pipeline since it takes four to five months to go public after deciding to.

Another sign the boom isn't bust yet: Private placements, often a prelude to public financing, are running hot. Pat's International, known in Philadelphia for its cheesesteaks, and Biskets of Jacksonville, Fla., have both sold chunks of equity in private deals recently.

As one executive put it: "There's more money out there than places to invest." That means food-service entrepreneurs have more freedom than ever to prosper or fail.

Rick Telberg, *NRN* senior editor, has a special interest in financial topics.

HOW RESTAURANTS CASHED IN ON THE '83 BULL MARKET

Some 36 food-service firms went public last year, a record. Their initial public offerings (IPO's) raised over $300 million for expansion, debt repayment or simply to reap windfalls for the founders. But the window of opportunity lowered late in the year as investors began taking a closer look at new issues.

Company, Head Office	Concept	No. Of Stores At IPO *	Revenues Latest FY Before IPO ($ 000's)	Date Of IPO	Amount Raised ($ 000's)	Per Share Price Chg. Since IPO %
Calibre Corp., Worthington, Ohio	Pizza Time franchisee	8	662	Feb. 23	5,000	(9)
Dominick's Pizza, Rockville, Md.	self-serve pizza	2		Feb. 28	1,500	(50)
Double R Fast Food New York	Roy Rogers franchisee	3		March	3,000	(75)
Family Showtime Thtr., Commack, N.Y.	Pizza Time franchisee	1		Mar. 2	3,000	38
Benihana Nat'l, Miami	Japanese dinnerhouses; frozen foods	12	17,786	May 11	5,500	9
Sis Corp., Westlake, Ohio	Sister's franchisee	4	2,419	May 26	4,000	19
Shoney's South, Memphis	Big Boy franchisee	203	122,514	June 16	21,671	17
1 Potato 2, New Hope, Minn.	fast-food potatoes	41	4,994	June 29	6,600	0
El Chico, Dallas	full-service Mexican	86	61,381	June 30	14,000	36
Rax Restaurants, Columbus, Ohio	fast-food roast beef	205	51,718	July 14	14,300	44
Twistee Freez, Cape Coral, Fla.	prefabricated ice cream shops	0	0	July 22	5,000	88
Pastabilities, Parsippany, N.J.	full-service Italian	1	393[a]	Aug. 3	3,000	(30)
Old Fashion Foods, Austell, Ga.	vending; Mighty Casey's fast food	234	9,517	Aug. 16	4,455	(19)
Flakey Jake's, Mountlake Terr., Wash.	upscale burgers	3	550[b]	Sept. 2	3,533	125
A&M Food Services, Tulsa, Okla.	Pizza Hut franchisee	82	13,869	Sept. 20	7,150	12
Restec, Columbus, Ohio	Rax franchisee	3	2,167	Sept. 21	3,080	(25)
Restaurant Systems, Atlanta	Wendy's franchisee; software maker	27	25,550	Sept. 29	6,875	(29)
Stuff Yer Face, New Brunswick, N.J.	"stromboli" sandwiches	4	1,358	Sept. 30	5,000	94
Maverick, Wichita, Kan.	Grandy's franchisee	6	2,355	Oct. 4	4,500	10
Nankin Express, Edina, Minn.	Chinese fast food	2	292	Oct. 12	2,500	20
Po Folks, Nashville	full-service fish and chicken; Wendy's franchisee	158	47,702	Oct. 13	20,550	(15)
Rusty Pelican, Irvine, Calif.	seafood dinnerhouses	12	30,077	Oct. 14	8,740	18
All-V's, Englewood, Colo.	sandwich shops	12	62	Nov. 7	300	(20)
Fuddrucker's, San Antonio	upscale burgers	7	3,965	Nov. 3	7,000	111
Swensen's, Phoenix	full-service ice cream	341	12,377	Nov. 15	5,000	3
Folks, Cincinnati	Po Folks franchisee	2	1,189[c]	Nov. 22	3,500	2
Sport's, Reno, Nev.	sports-themed fast food	1	174	Nov. 22	4,999	4
Taco Villa, Midland, Tex.	Mexican fast food	41	25,052	Nov. 25	8,000	0
American Family Pizza, Hollywood, Fla.	Godfather's franchisee	16	3,596	Dec. 6	3,500	(8)
T.G.I. Texas, Forth Worth	T.G.I. Friday's franchisee	4	4,767	Dec. 7	3,740	(22)
T.G.I. Friday's Dallas	full-service pub-restaurants	72	187,700	Dec. 8	78,750	(19)
Concept Development, Omaha	Godfather's franchisee	75	7,804	Dec. 14	25,620	0
Cuco's, Metairie, La.	full-service Mexican	3	2,422	Dec. 15	3,000	0
McFaddin Ventures, Houston	nightclubs	18	23,295	Dec. 15	15,625	(6)

Source: *NRN* Research, Going Public magazine, company reports

*Includes company and franchised units.
[a]16 months
[b]2 months
[c]7 months

Rax arranges financing; agrees to buy franchisee

COLUMBUS, Ohio—Rax Restaurants has arranged $12 million in long-term financing to fund the construction of 30 new company-owned and franchised stores this year.

The new funds will be enough to finance almost a third of the fast-food chain's planned 1984 expansion.

Arranged through a local mortgage company, the loan carries an interest charge floating between 12% and 15% with a 10-year term.

Two-thirds of the loan is earmarked for 20 new franchised stores, with the balance tagged for company expansion. A new subsidiary, Rax Realty Inc., will administer the franchisee financing program.

In an unrelated development, Rax also said it had agreed to buy a three-unit franchisee, Razorax Inc. of Athens, Ohio, for 58,824 shares of Rax stock. At a recent price of $18.25 per share, the deal is valued at $1.1 million.

Rax currently numbers 92 company-owned and 182 franchised restaurants in 27 states. This year the company expects to build 25 new stores as franchisees add another 75.

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PUSH FOR BREAKFAST

Scramble for market share—Pp. 67-94

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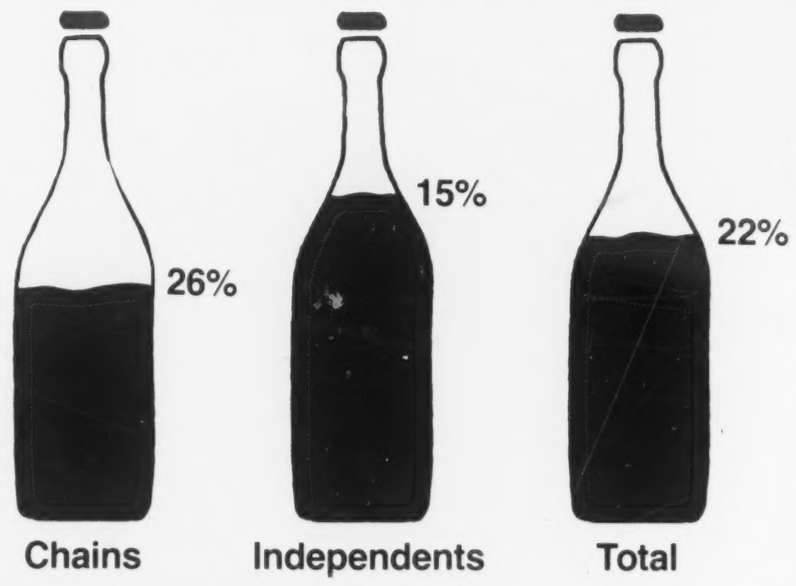
ALCOHOLIC BEVERAGE SALES OFF

% of operators reporting liquor sales decrease



Source: *NRN* Research

NRN study: Drunk driving

Public concern spurs decline in liquor sales

NRN Special Report

NEW YORK—Alcoholic beverage sales have dropped at more than one-fifth of all food-service/bar establishments in the country ever since drunk driving and liquor service liability has emerged as a major public issue, a new study shows.

But even as concern over the legal ramifications of liquor service is growing, nearly 70% of all restaurant/bar operators still do not offer any formal training for their employees on how to recognize when a patron has had enough to drink.

The new study, commissioned by *Nation's Restaurant News* and conducted by its Lebhar-Friedman Research division, probed 100 operators—large and small chains, independents and tavern operators—on their attitudes toward liquor service responsibilities, dram shop laws, and on ways to reduce the risk that their patrons might be involved in a drunk driving accident.

Among the study's other major findings:

- More than half of all operators surveyed do not have established, formal procedures to deal with intoxicated guests;
- Liability insurance has increased for about 20% of all operators after the drunk driving/server liability issue began gathering momentum;
- Seven per cent of all operators said they've been sued as a result of a drunk driving accident.

The study's findings suggest that even as a growing number of restaurant operators and industry groups are paying greater attention to the issue, a significant number of others have failed so far to take all the steps some experts say are needed to thwart drunken driving.

Restaurant/bar owners and bartenders are increasingly

(Continued on page 27)

Beverage industry builds alcohol policy 'war chest'

By Ken Frydman

NEW YORK—The battle lines have been clearly drawn in the war on alcohol abuse: On one side stand the so-called "neo-prohibitionists" who advocate the stringently enforced "control-of-availability" approach to the selling and dispensing of alcoholic beverages; on the other side are liquor distillers, vintners, importers, bar, restaurant and tavern owners, and affiliated businesses which espouse educational initiatives to reduce alcohol-related accidents and abuse.

To help shape public policy regarding alcohol control, strengthen its position and protect its financial interests, the alcoholic beverage industry has just contributed approximately $150,000 to the Washington, D.C.-based Alcohol Policy Council. The APC was founded over two years ago as a nonprofit organization "dedicated to a strategy of education and information in addressing alcohol misuse problems, according to its president, Gus Hewlett.

"We believe that the heavy and harsh controls proposed by

(Continued on page 162)

Industry group files lawsuit to quash tip reporting rules

By Ken Rankin

WASHINGTON—Lawyers for a group representing some of the nation's largest food-service operators, the Foodservice and Lodging Institute, have filed suit in Federal court here, hoping to derail the Internal Revenue Service's controversial tip reporting regulations.

Among other things, the F.&L.I. action charges that IRS went far beyond the intent of Congress in issuing employee tip-income disclosure requirements which impose an unnecessary burden on restaurant operators and workers.

"The result will be that thousands of employees will be unfairly and unlawfully allocated substantially more tips for which IRS will automatically claim taxes not lawfully due," F.&L.I. executive secretary William Giery charged.

Although the industry group's court challenge could take years to resolve, F.&L.I. attorneys asked the U.S. District Court to provide immediate relief for food-service workers and chains by imposing a temporary injunction preventing IRS from enforcing key provisions of the tip regulations pending the outcome of the suit.

Significantly, the Institute did not challenge the tip-reporting statute passed by Congress, nor did they seek to overturn the controversial tip-income allocation provisions which have been the target of most industry concern over the IRS regulations.

Rather, the action calls on the court to enjoin the tax service from enforcing four provisions of those regulations which were never explicitly authorized by Congress.

Specifically, F.&L.I. is seeking to nullify sections of the IRS regulations which:

(Continued on page 162)

Training of handicapped garners national plaudits

By Richard Martin

FOUNTAIN VALLEY, Calif.—Social consciousness, economics, and the human-resources needs of fast feeders have been catalyzed by compassion into a positive, concrete reality here.

The product of this reality could spell the beginnings of an important national movement, industry leaders who collaborated here believe.

Last month, a $125,000 kitchen/dining facility, bankrolled by major food-service corporations, opened in this southern California town for the training of handicapped individuals who will work in the donors' fast-food restaurants upon graduation.

The fully equipped school cafeteria-sized facility, part of the California Elwyn Institute, was launched approximately nine months after operators, sup-

(Continued on page 162)

The 'mother' of California cuisine

Great chef profile: Alice Waters

By Roman Czajkowsky

BERKELEY, Calif.—As is usual for a superstar, Alice Waters is the object of much flattery. But happily for the hordes of Bay Area residents and other food-loving folks up and down the California coast, much of the flattery has come in its most sincere form: imitation.

Waters is chef-owner of Chez Panisse, which arguably gave birth to "California cuisine," a food trend many say in turn heavily influenced the emergence of the "New American cuisine." And in the process, Chez Panisse has spawned a whole group of similar restaurants, many of them operated by people who worked with Waters in the early years of her restaurant's now 13-year existence.

There is, for example, Jeremiah Tower, Miss Waters's former co-chef, who's gone on to become chef and co-owner of the Santa Fe Bar and Grill in Berkeley and menu consultant for the Balboa Cafe in San Francisco.

Or Susan Nelson, owner of the Fourth Street Grill, also in Berkeley.

Together with Chez Panisse, these restaurants are part of the growing group of this country's fine dining meccas where Monsieur Escoffier wouldn't be let through the door and which stick to one rigid rule: serve nothing but the freshest, highest quality, preferably American-grown or raised foods; prepare them in a deceptively simple manner; shun heavy sauces.

But even as the imitators continue to arrive on the scene, Chez Panisse seems to have lost nothing of its luster. To the contrary, it's grown into something approaching national and international celebrity status.

(Continued on page 119)

Alice Waters

LATE NEWSBREAKS

McDonald's net profit rose 14% to $343 million on an 11% increase in sales to $8.7 billion in 1983. Revenues were up 11% to $3 billion. In the fourth quarter, net profit jumped 17% to $80 million on a 16% rise in sales to $2.3 billion.

Beefsteak Charlie's says it plans to enter the gourmet burger business with a Nanuet, N.Y., unit serving pasta and salads as well as burgers and offering alcoholic beverages. The company just posted an $8.1 million fourth-quarter loss, mainly charges for shuttering some operations.

An investor group including Castle & Cooke has withdrawn its offer to buy Dr. Pepper Co., paying the way for a leveraged buyout at $22 a share ($516 million total) offered earlier by Forstmann Little & Co. to go through.

Chairman Nolan Bushnell has resigned from red-ink-plagued Pizza Time Theatre. Randall Pike moves up from cfo to president and ceo, while Joseph Keenan, a co-founder with Bushnell and former president, becomes chairman.

Ray Kroc: A retrospective Pp. 6, 41-52

Pay-TV settlement costs Red Onion $100,000

By Richard Martin

LOS ANGELES—International Onion, which features big-screen TV entertainment in its nine Red Onion Mexican dinnerhouse restaurants in southern California, has paid $100,000 to pay-TV operator Oak Media Corp. in an out-of-court settlement of litigation brought over piracy of ON TV signals.

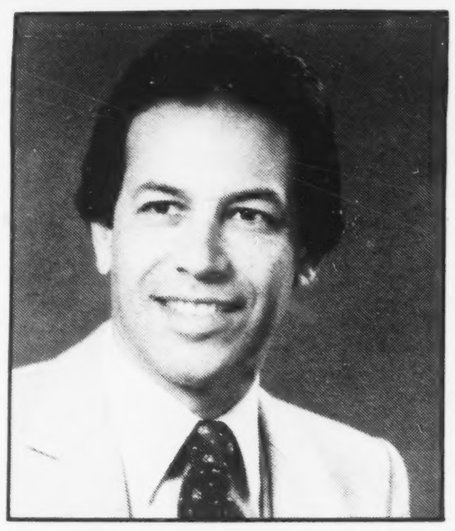
The settlement is the largest among dozens of similar cases Oak Media has resolved involving restaurants and bars in the Los Angeles and Chicago areas. More than a dozen other suits are still pending or being readied for court, the company said.

Capping an 18-month legal battle with International Onion, the agreement covers damages resulting from illegal showings in five Red Onion units of the Hagler/Duran fight in November, as well as earlier events broadcast by ON TV.

Settlement of the case was authorized by U.S. District Court Judge Terry Hatter, who also enjoined Red Onion from showing future ON TV fights and events.

"ON TV regards this decision and settlement as a watershed in our antipiracy campaign," said Ira E. Ritter, chairman and ceo of Oak Media.

"Not only is it the largest dollar settlement received by ON TV to date, but it's a signal to others that property theft is the heart of the issue."



Though International Onion president Ron Newman (above left) declined comment, the company's attorney called the $100,000 settlement "not substantial."

Mike Viebrock, staff attorney for Oak Media, said seven similar suits are still pending against Los Angeles-area restaurants and bars. Six more such suits against local operators will be filed in the near future, he added.

Ron Newman, president of International Onion, declined comment on the settlement. Steve Solomon, the company's attorney, said Red Onion had merely "made a business judgement" regarding the expediency of a settlement. "We could have spent another $300,000 fighting the thing," Solomon said.

Red Onion originally thought it had obtained licensing agreements which permitted use of the ON TV signal, Soloman claimed. However, Oak Media sought and obtained an injunction against the restaurant chain about a year ago.

Soloman said a Red Onion employee mistakenly authorized the tapping of ON's pay-per-view Hagler/Duran broadcast at restaurants in Marina del Rey, Beverly Hills, West Covina, Woodland Hills and Huntington Beach last November, despite the restraining order. "We felt kind of foolish about it," he said.

The five restaurants were the same ones named in Oak Media's lawsuit, filed in August 1982, alleging violation of Federal copyright laws and other statutes stemming from the unauthorized interception, unscrambling and showing of ON's pay broadcasts.

Soloman said the amount of money Red Onion paid in the settlement was "not substantial." Several of the company's insurers were making "sizable contributions" toward the payment, he added.

(Continued on page 161)

Charters replaces Petika as Farrell's Ice Cream president

SAN FRANCISCO—Thomas M. Charters, the former executive vice president and chief operating officer of Chart House's Luther's Bar B-Q division, has replaced Thomas E. Petika as president of the 106-unit Farrell's Ice Cream Parlour Restaurants chain.

Petika had served as Farrell's president from March 1982 until July 1983, when a triumvirate of Farrell's senior management executives began running the company's day-to-day operations. The executives, Robert L. Hogan, marketing vice president, Alexander M. Hehmeyer, vice president and general counsel and Kenneth J. Weber, senior vice president of finance, have retained their positions. Longtime chairman of the board, Richard C. Blum, has also remained.

"Under our previous administration we had an operation that wasn't well-controlled, and there was a lot of turnover out in the field," said Blum. "But in the last few months we've made tremendous strides in getting our food and labor costs under control and increasing our systemwide sales by 6% to 7% again."

Charters' short-term plan calls for expanding Farrell's line of hamburgers and salads. "We want to be known as more of an upgraded restaurant and less of just a place to have ice cream," added Blum.

In March 1982, the Marriott Corp. sold off Farrell's, which it owned since 1972. The company was founded in the 1920's. Privately held Farrell's grossed $62 million in fiscal year 1982-83 on 76 company-owned and operated stores and 30 franchised units. The family restaurant/coffee shop concept operates in 29 states.

The 76 company-owned and operated and 30 franchised Farrell's units operate in 29 states.

German chefs highlight Neiman-Marcus tie-in

By Susan Spedalle

DALLAS—While it has become a strategy of department store restaurants to tie in with store-wide events, few stores have reached the authenticity of Neiman-Marcus's recent German fortnight—or some others the store here has done.

For the most recent event food-service director Bob Jones was able to host a team of five chefs from the famous Brenner's Park-Hotel in Baden-Baden, Germany—including the hotel's master chef Albert Kellner.

While merchandise managers set up exhibitions of German fur, jewelry, magazines and cuckoo clocks (to name just a few), Jones put the crew from Baden-Baden to work in a concept designed especially for them: The Black Forest Inn.

Bob Jones

All of the store's other restaurants were also converted to German concepts and included a kuchen haus, wursthaus and bier halle.

The primary reason for the authentic feel of Neiman-Marcus's fortnight festival, an annual event, is the research Jones puts into choosing the guest chefs and the foods.

Last year's group of chefs from Japan's Hotel Okura was the first team of food-service professionals from another country to be brought to Dallas for the store's celebration. The event was so successful that Jones has made a visiting chef team a permanent part of the event.

After Neiman-Marcus has chosen the country on which they will base their fortnight celebration, Jones takes numerous trips to that country looking for new ideas, meeting with those who produce a high quality of food and choosing food products which will be featured throughout the store.

This year the Black Forest Inn served the haute cuisine of the German region of the same name. In order to serve the

(Continued on page 161)

Pizza Transit plugging in computer marketing bank

By Don Jeffrey

CHAPEL HILL, N.C.—Computerization in the industry's pizza segment is moving from animated cartoon characters and conveyor ovens into a new direction.

Pizza Transit Authority, a 26-unit all-franchised chain of delivery and take-out chains based here, has disclosed it is setting up a computerized "information-based marketing system" that will allow it to keep close track of its customers.

Company officers say their system, similar to one pioneered by Canada's Pizza Pizza, will not only allow faster and more efficient delivery of pizzas from units to homes, but will store in its memory disks personal information on customers such as addresses and phone numbers, family birthdays, and a history of previous orders made with the chain.

James Cherney, the 37-year-old chairman who founded Pizza Transit 11 years ago, says the system will also provide what he calls "market diagnostics"—an analysis of sales trends and patterns to help set up marketing programs to increase sales and check averages.

He says it will also lead to more efficient marketing through direct mailings to targeted audiences.

Computer programs are now in place but the computers have not been bought yet, Cherney says. The system should be ready for rollout within six months, he adds.

Once installed, this is how it will work. When a customer calls with a pizza order, he'll give his name and phone number. The order-taker will be able to draw out of the computer information such as when the customer last ordered a pizza and what kind it was. The employee might ask: "Would you like your regular order, sir?" This, Cherney feels, will promote a "one-on-one friendship" between customer and pizza place.

The system may also be used for telephone surveys of demographic dining-out patterns in an area.

Asked if he thought some customers might object to giving out personal information over the phone, Cherney says he'll include taped requests made by celebrities.

Messages will contain a promotional offer to stimulate a trial: a free pizza. When a customer claims that pizza, he'll find a

(Continued on page 161)

HIGHLIGHTS IN THIS ISSUE

6 Ray Kroc was a pioneer, a man who embodied the spirit of food service and of the American dream, who lived *his* dream—absolute quality in a price-conscious format—to the fullest, writes *NRN* editor Charles Bernstein.

11 Breakfast is fast becoming a highly charged, highly profitable area, says *NRN* publisher Thomas J. Haas, and can continue to be as long as quality and the price/value relationship are monitored closely.

54 Good wine is more than simply a joy to the palate—it can also be a valuable tool in the kitchen, writes *NRN* Wine & Spirits columnist Mort Hochstein.

106 Naugles plans to double the size of its chain, and has signed a 15-unit area franchise deal.

109 Planning a business lunch? Why not turn it into a "power lunch" and see if it doesn't put you in the catbird seat. Authors Ligita Dienhart and Melvin Pinsel tell you how in excerpts from their book, *"Power Lunching: How You Can Profit From More Effective Business Lunch Strategy."*

114 It's time for some discipline and direction in food-service education, argues Dr. Shirley Ainsworth Bourne.

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Procter & Gamble regional insert, pp. 26a, b, c, d
Colombian Coffee regional card, pp. 70a, b

Vol. 18, No. 4 February 13, 1984

COMMODITIES

Sub-zero temperatures drive up beef, pork prices

NRN Special Report

The sub-zero temperatures of late December and mid-January will continue to plague operators for weeks to come. Meat prices were particularly hard hit by the effects of the weather throughout the Midwestern and Southwestern plains states, where a majority of beef and pork is raised.

It wasn't only the large, and still at presstime, undetermined number of animals that were killed by the cold and storms. During extremely cold temperatures, even if cattle and hogs have adequate fodder, most of the calories they intake goes directly to producing heat to make up for that lost to the frigid air around them. The result is that cattle do not gain weight; in fact, many lose substantial poundage in the process, since feed available may not be sufficient to replace temperature losses.

In late January, beef had already climbed to prices higher than the year earlier, and pork was skirting last year's levels. Sheep raisers in the mountain states have not yet reported the flock losses resulting from record colds and heavy snows, but it is certain that lamb and mutton prices will continue to be affected by the prolonged cold spells.

Sheep producers had cut back the number of animals over the past two years as demand surged for lamb and mutton. Although 1984 was to be the year of flock rebuilding, it now looks as if this objective may be harder to achieve than originally forecast. Even if there is a flock increase this year, the continuing high prices for beef and pork will keep upward pressure on lamb and mutton prices, particularly lamb.

Poultry Slaughter Continues

The slaughter of chicken and turkey flocks which have been infected with avian flu had accounted for more than 10 million birds as *NRN* went to press, and the killing was continuing t a rapid rate. In Pennsylvania, where a majority of the epide nic has occurred, more layers were slaughtered than broilers. The result is that eggs have hit their highest prices in several years.

Broilers have been hard hit, too, and prices of Grade A icepack birds on the Eastern seaboard have hit their highest price range since the mid-70's. Prices are up 50% over the same period in 1983. Cold weather has not done a great deal of damage to broiler production, but the slaughter to prevent spread of the disease is certain to continue. Higher prices for beef and pork continue to place upward pressure on chicken prices, a red meat alternative.

Although turkeys have not yet been affected at the same rate as chickens, turkey slaughter, too, is increasing, and authorities are looking at upper Midwestern producer flocks, which have in the past had frequent outbreaks of avian flu. This could abort producers' plans to increase the number of turkeys produced this year by about 2% to 3%.

The likelihood of an even broader slaughter of birds comes from the failure of the program so far to halt the spread of the disease. It is believed by a number of researchers in the U.S. Department of Agriculture that a mild form of the disease (with a killing rate of only 1% to 5%) is mutating in some flocks to the deadly version, which kills as many as half of all birds infected.

A technical advisory board, made up primarily of university professors of veterinary medicine, on Dec. 28 recommended slaughter of all flocks which were found with *either* type of avian flu.

Considering that $19 million in indemnities has already been spent by the Federal Government to reimburse owners of slaughtered flocks, the increased slaughter could create major budget problems for the U.S.D.A. and would have heavy price impact on the poultry and egg markets.

Fruit and Vegetable Price Rises

The cold weather hit more than just protein sources, of course. The effects on vegetable crops are mostly short term, but the Vidalia onion crop in Georgia was drastically reduced (to as little as 25% of original forecast) and very few will see market this year. Watch out for other white onions being passed off as Vidalias—which are noted for their mild, sweet flavor.

(Continued on page 161)

PRICE MOVEMENT AT A GLANCE

	Jan. 20, 1983	Dec. 20, 1983	Jan. 20, 1984
Beans, pinto, dry, Colo. (cwt.)	$13.00	$23.00	$22.00-22.75
Beef, Choice, 700-900 lb., Midwest (lb.)	$ 0.92	$ 0.99	$ 1.09
Broccoli, fresh, bunch, Calif. (14s)	$ 4.50-5.00	$ 7.00-8.00	$ 6.50-7.00
Broilers, Grade A, Icepack, NYC (lb.)	$ 0.4671	$ 0.5860	$ 0.6966
Eggs, Grade A, large white, Chicago (doz.)	$ 0.6075	$ 0.97-0.99	$ 1.13-1.15
Lettuce, Iceberg, Calif. (24s)	$ 3.00-3.50	$ 8.00-9.00	$ 3.00-3.50
Orange juice, frozen conc., Florida (12/32 oz.)	$19.92	$19.92	$21.52
Pineapple juice, canned (12/46 oz.)	$ 8.90	$ 8.40	$ 9.60
Pork loins, Choice, 14-17 lb., Midwest (lb.)	$ 1.07	$ 0.91	$ 1.01
Potatoes, dehydrated flakes, Idaho (lb.)	$ 0.26-0.27	$ 0.29-0.31	$ 0.46-0.49

Source: *NRN* Research

Prices listed are packers' f.o.b. plant, unless specified, and do not represent the prices paid by the operator. This list is only a reference to indicate price trends against benchmarks of one year ago and one month ago. Products listed are those showing marked movement in price.

Appeal planned

$52M 'handshake' verdict leaves McDonald's unfazed

CHICAGO—Still mourning the death of founder Ray Kroc, McDonald's absorbed another blow late last month when a Cook County jury ordered the fast-food giant to pay $52 million in damages to a bankrupt Chicago ice cream firm.

The award, which marked the culmination of a grueling 13-week trial, is being appealed by McDonald's.

"We have great confidence in our appeal and we do not intend to make any provision in our financial statement as a result of the verdict," said McDonald's chief financial officer Jack Greenberg.

At issue in the suit is an alleged handshake agreement between Kroc and Thomas Cummings of the Central Ice Cream Company in which Central was to manufacture a three-flavored ice cream cone called Triple Ripple to be sold at McDonald's outlets.

According to Cummings and his flamboyant attorney Gerry Spence, the 20-year exclusive deal was breached when McDonald's scrapped the Triple Ripple in the early 1970's after it failed in test marketing. They blamed McDonald's poor distribution and refrigeration systems for the failure of the product and asked for $180 million in damages.

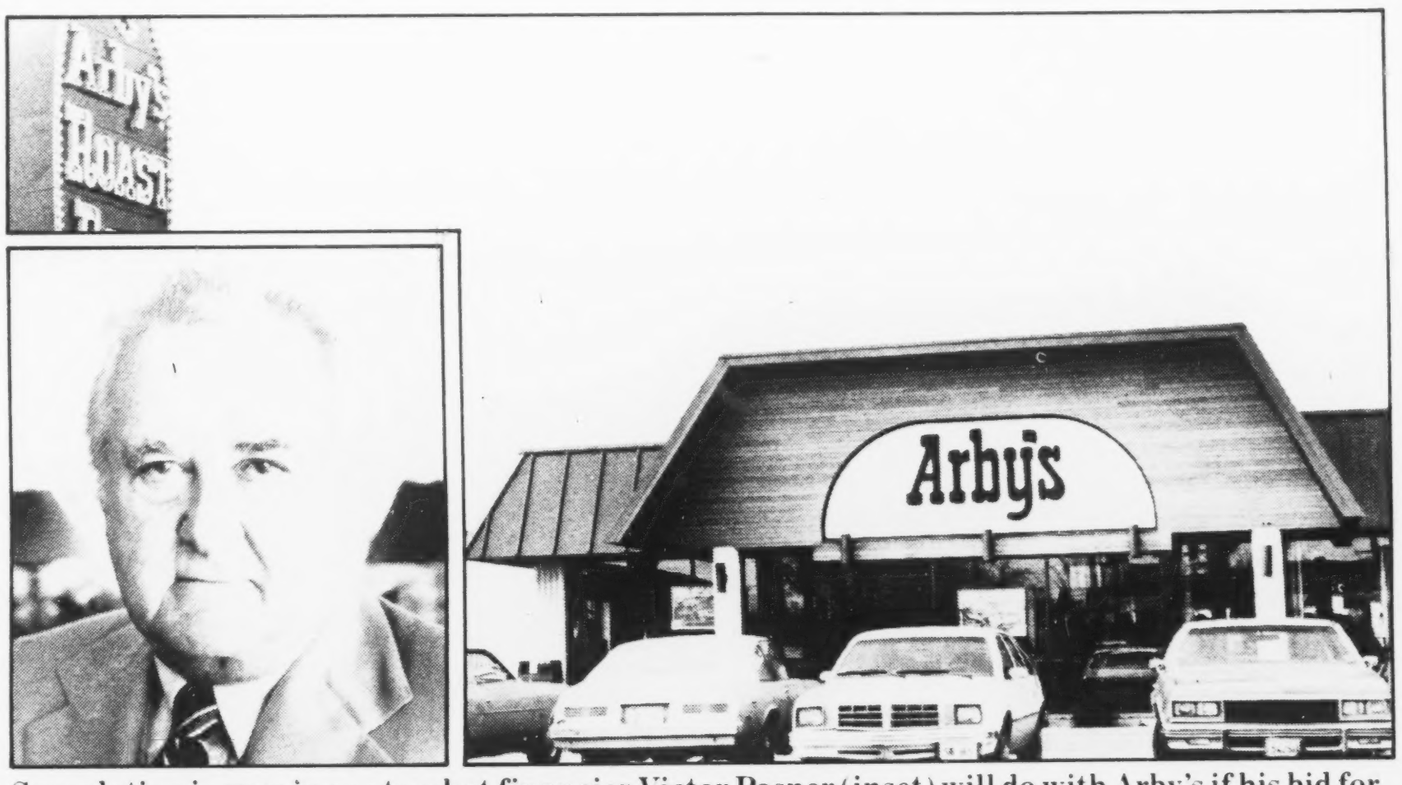
But McDonald's attorney Frederick Lane expressed skepticism about the alleged 20-year agreement, saying Central's claim "defies logic." He pointed out that Central's plant was outmoded and that the Triple Ripple "was spurned by customers because it was inferior."

"There is no evidence that the product ever could have made money," Lane told the jury.

Ironically, the validity of the alleged handshake agreement may never be known since Kroc was unable to testify at the trial. While he did submit written testimony before his death, it proved inconclusive in settling the dispute.

"We are shocked with the verdict," said Donald Horowitz, McDonald's senior vice president/law. "It was a long and arduous trial and the whole case centered on an alleged conversation with Ray Kroc.

"We feel confident that McDonald's is right," Horowitz continued. "This award, especially one of this magnitude, for a product that was rejected by the American consumer, defies both logic and justice."



Speculation is growing as to what financier Victor Posner (inset) will do with Arby's if his bid for parent-company Royal Crown is successful.

Arby's faces uncertain future in proposed Royal Crown buyout

ATLANTA—Uncertainty is growing along with speculation in certain executive suites here: What would financier Victor Posner do with Arby's, the lackluster fast-food chain that would come with his intended leveraged buyout of Royal Crown Cos.?

The 65-year-old Wall Street takeover artist has a reputation for selling off the undervalued assets of companies he's acquired.

Besides soft drinks and Arby's, Royal Crown owns a home furnishings business which is most often mentioned as the chief sell-off candidate. The money-losing line accounts for 14% of Royal Crown's revenue.

The 1,255-unit Arby's chain—of which 151 stores are company-owned—contributes 18% of sales and 19% of profits.

But due to the need for more marketing muscle in soft drinks, Arby's too may go because fast-food chains are voracious gobblers of advertising expenditures.

In addition, Arby's has been anything but a stellar performer for Royal Crown. In fiscal 1982, the latest breakout available, Arby's operating profit slipped 5% from 1981 to $7.5 million on a 19% revenue gain. Most restaurants in the system do less than $500,000 a year in sales.

But the roast beef chain is fighting back. It recently unveiled a $3.5 million commitment to croissant breakfasts, which could add $50 million to 1982's $575 million systemwide sales.

Breakfast is the third new product introduction in a year. The chain rolled out a bacon-and-cheddar-cheese roast beef sandwich last fall and a successful chicken-breast sandwich last spring.

And hamburgers, which would require the installation of grills, are said to be under consideration.

In addition, a new advertising campaign is taking flight. "Welcome to Arby's, you're right where you belong," the sixth pitch-line in seven years, succeeds "Arby's, you said a mouthful."

Posner's battle for control of the company began in earnest in January after Royal Crown management disclosed their own plan to take the company

(Continued on page 161)

Allegheny Beverage buys Food Service Management

BALTIMORE—Allegheny Beverage Corp. has acquired Food Service Management, the largest contract food service and vending company in the St. Louis area, for an undisclosed amount of cash.

Food Service Management operates in 11 states, principally in the Midwest, and employs approximately 1,400. The company services commercial, industrial, educational, and healthcare clients in Missouri, Kansas, Illinois, Kentucky, Michigan, Wisconsin, Pennsylvania, West Virginia, Louisiana, Texas and Colorado.

H. King Carter and John F. Otto, who founded Food Service Management in 1950, have been retained by Allegheny in an advisory and assistance capacity.

Allegheny's food service and vending operations, with approximately 8,000 employees, are conducted by its Macke Co. subsidiary, headquartered in Cheverly, Md. The Food Service Management acquisition is the largest such purchase made since Macke was acquired by Allegheny in 1981. Over the last year, Allegheny has completed seven food service and vending acquisitions, making Macke food service available in 28 states.

In addition to food service and vending, Allegheny business line consists of carbonated beverages, coin-operated laundry machines, retail office furniture operations, building maintenance service and beverage equipment manufacturing.

FINANCIAL NEWS

Hotel-casino segment leads big Hilton surge

BEVERLY HILLS, Calif.—Hilton Hotels Corp. has posted major financial gains for the year and fourth quarter just ended, largely from a business surge at its hotel-casino properties.

Net profit for the year ended Dec. 31 was up 35% to $112.6 million, compared to 1982 results. Revenue rose 8% from year-to-year, to $669.6 million.

Fourth-quarter net profit increased 34% to $25.1 million, while revenue climbed 18% to $179.7 million.

Citing "positive trends" in all segments of the company's business, chairman and president Barron Hilton singled out hotel-casinos as a leading indicator of Hilton performance in 1983.

The Flamingo Hilton continued to be "highly successful," and the Las Vegas Hilton posted "substantially improved" results, Hilton said. The Reno Hilton demonstrated a "strong" turnaround in 1983, he added. "That property was losing money when acquired at the close of 1981."

Revenue contribution from hotel-casinos increased 88% from the prior year in the fourth quarter (to $17 million) and 31% for the year (to $69 million), the company reported. Noncasino properties showed a 22% increase in revenue contribution in the closing quarter (to $30 million), and an overall 9% gain for the full year (to $101 million), compared to 1982.

Hilton said fourth-quarter operations benefited from improved occupancy levels.

Occupancy at all hotel-casinos was 80% in the fourth quarter, compared to 67% for the same period of the prior year. Noncasino properties had a three-point gain from year-to-year in the fourth quarter to 61%.

Overall occupancy for hotel-casinos was 80% for the year, and 60% for standard hotels. This represents an 11% gain over 1982 for casino properties; occupancy was unchanged from 1982 in standard hotels.

Hilton said his company had high hopes for 1984, based on major expansion programs undertaken to keep pace with increased consumer travel in the year. He pointed toward the Olympic Games in Los Angeles, the political conventions in San Francisco and Dallas, and the World's Fair in New Orleans as major travel boosters, "plus what we expect will be a more robust climate for business travel."

For the Olympics, Hilton Hotels has opened the Los Angeles Airport Hilton & Towers; the Los Angeles area's largest hotel, the 1,600-room Anaheim Hilton, will open for business just prior to the Summer Games.

"The two will add 2,900 rooms to our present strong position in southern California," Hilton said. The Hilton chieftain also pointed to the 451-room river-front addition to the New Orleans Hilton, bringing the room count to 1,597, as a sign of the company's preparedness for seasonal travel.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Jan. 27							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Name	Symbol	High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt	Pct			Latest P/E Ratio	Amt	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
Acapulco Y Los	ALAR	6.00	5.25	5.50	.00	.00	7.50	5.00	-.33	-.90	2.28	-12.89	-1.96	-2.01	F	-20.0	-42.0	-12.9	NE	.00	0	01-06-81	37.9	-4.9	1.4	6.13	2.99	1082
Am Motor Inns	INN	35.75	33.38	34.25	-1.13	-3.18	38.50	27.13	.23	-.10	3.57	7.56	2.52	49	Q	22.0	45.0	8.6	12.6	.30	.9	01-26-84	162.5	13.9	1.8	12.04	15.89	0783
ARA Services	ARA	53.38	49.75	50.00	-3.38	-6.32	55.25	34.75	.02	-1.27	.41	38.49	4.37	1.08	F	32.8	-4.0	1.7	11.4	2.05	4.1	11-25-83	3056.6	52.0	1.1	23.29	46.15	0983
Assoc Hosts	AHST	14.75	13.50	14.50	.75	5.45	18.50	7.91	.44	.60	.87	9.96	.72	.34	F	89.4	-5.0	3.6	20.1	.12	.8	12-12-83	88.3	3.2	1.3	5.25	5.71	0983
Beefsteak Char	BCS	4.38	4.13	4.13	-.25	-5.71	9.75	4.00	-.19	.23	-6.04	17.38	.88	-.28	N	-35.4	32.0	3.7	8.1	.00	0	00-00-00	97.1	3.6	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	23.00	21.75	22.25	-1.00	-4.30	26.81	19.41	.13	.59	.26	-24.64	.89	.12	S	14.1	23.0	7.5	22.9	.26	1.2	11-03-83	187.5	14.1	3.0	.00	5.54	0483
Brock Hotel Cp	BHC	7.38	7.00	7.13	-.13	-1.72	11.25	5.38	.23	.27	-4.57	-9.78	.55	-.97	N	-118.2	-6.0	2.8	NE	.10	1.4	01-24-84	255.6	7.1	1.1	16.64	4.38	1282
Cainy Food	CLNY	10.75	10.00	10.00	-.75	-6.98	11.50	6.34	.43	-1.73	-3.13	28.18	.53	-.03	N	-4.9	8.0	4.6	17.2	.16	1.6	01-25-84	30.2	1.4	4	2.48	1.49	0283
Captain Crab s	CRAB	4.63	4.38	4.38	-.38	-7.89	6.38	3.38	.28	-.85	-6.91	-35.34	.00	.00	Q	NC	NC	.0	NE	.00	0	00-00-00	1.5	.0	7.5	.01	.29	0883
Carrols Cp	CRL	9.88	8.63	9.00	-.88	-8.66	11.88	4.06	-.56	-1.53	8.37	3.93	.50	.26	Q	83.8	99.0	3.6	15.8	.05	.6	12-23-83	85.2	3.1	.6	3.28	2.00	0582
Chi-Chi's	CHIC	24.25	20.63	20.63	-2.75	-11.76	29.00	13.94	.01	-2.47	-5.27	22.05	.39	.26	S	96.2	67.0	9.4	38.9	.00	.0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Ch Full O Nut	CHF	12.50	11.75	11.75	-.50	-4.08	24.38	11.13	-.10	-.66	-5.16	19.91	.64	.14	Q	29.7	-2.0	4.0	19.3	.50	4.3	12-09-83	111.6	4.5	2.9	.34	6.76	0783
Churchs Fr Ch	CHU	26.25	24.13	24.38	-1.63	-6.25	33.50	22.00	.24	-.55	-.79	13.85	2.19	-.27	N	-11.8	11.0	10.1	12.1	.72	3.0	01-23-84	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.25	2.88	2.88	-.50	-14.81	4.00	2.63	.13	-1.68	-5.46	5.79	.13	.46	S	NE	30.0	2.1	9.9	.00	.0	00-00-00	14.3	.3	0	4.63	.43	1282
Collins Foods	CF	21.00	19.75	19.75	-.88	-4.24	21.63	11.69	.13	-.39	2.69	14.63	1.47	.30	S	22.5	28.0	3.8	12.1	.20	1.0	12-23-83	324.4	12.4	1.8	4.14	8.71	0483
Consul Corp	CNSL	14.75	13.50	13.50	-1.00	-6.90	18.75	12.25	.24	-.37	-2.94	-12.01	.26	.30	S	500.0	40.0	2.5	42.2	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	20.25	17.75	17.75	-2.50	-12.35	27.34	13.34	-.42	-.83	-2.17	7.70	.86	.09	Q	12.0	25.0	4.4	21.1	.14	.8	11-28-83	45.7	2.0	4.1	2.64	7.33	0783
Denny s Inc	DEN	35.25	32.50	33.00	-1.88	-5.38	39.25	27.63	-.27	-.85	.61	2.15	2.54	.13	Q	5.2	13.0	3.8	12.6	.72	2.2	12-06-83	1054.6	40.2	1.7	17.92	17.17	0683
Divfood	DFDI	18.00	16.00	16.25	-1.50	-8.45	25.50	15.75	.14	-1.56	1.51	-1.34	.65	.06	N	10.0	110.0	15.8	24.6	.00	.0	00-00-00	37.9	6.0	2.1	55	1.99	1282
Dunkin Donuts	DUNK	22.25	20.63	21.13	-1.63	-7.14	28.75	16.25	-.29	.80	-1.20	.65	1.62	.22	F	15.7	26.0	9.7	13.0	.28	1.3	11-01-83	81.6	7.9	1.2	12.87	15.97	1082
Fast Food Oper	POPI	2.25	1.63	1.69	-.50	-22.86	4.63	1.63	-.91	-6.71	5.62	-7.88	.05	.05	N	NC	81.0	6.5	33.8	.00	.0	00-00-00	4.6	.3	2.0	.02	.36	1282
Frisch's	FRS	32.38	29.38	29.75	-2.25	-7.03	32.94	14.06	-.29	-.03	1.93	-4.10	1.85	.77	S	51.3	25.0	3.7	13.1	.40	1.3	11-28-83	110.6	4.1	1.3	5.73	14.56	0583
Garcias Scot	GMEX	8.13	7.25	7.50	-.75	-9.09	15.88	6.75	-.19	-.85	-8.31	-14.23	-.20	-.46	N	NC	12.0	-3.2	NE	.00	.0	00-00-00	25.0	-.8	1.1	.52	4.10	1282
Hambrg Hamlet	HAMB	10.00	9.75	10.00	.25	2.56	12.00	7.25	.02	.16	2.63	16.67	-1.10	-2.11	Q	-185.0	-33.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	57.00	54.50	55.25	-.63	-1.12	60.25	40.13	-.06	.05	1.53	47.82	4.20	1.08	F	34.6	6.0	16.8	13.2	1.80	3.3	02-27-84	669.6	112.6	2.0	6.73	21.31	1282
Holiday Inns	HIA	51.50	48.50	48.75	-1.63	-3.23	59.00	34.75	.07	-.10	-2.54	15.65	2.50	.71	N	29.3	14.0	6.8	15.6	.84	1.7	12-19-83	1425.3	97.2	.9	11.74	25.35	1282
Horn & Hardart	HOR	22.25	19.75	21.38	1.13	5.56	30.78	14.38	.00	1.96	-2.31	-4.25	.70	.46	N	76.6	80.0	2.8	20.2	.00	.0	11-25-83	235.4	6.6	1.1	9.01	4.54	1282
Hungry Tiger	HTIG	9.00	8.00	8.50	.50	6.25	12.25	6.50	.58	-.44	1.09	-17.60	.00	-.79	Q	-114.4	-16.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0883
Intl Dairy Queen	INDQ	36.50	34.50	34.50	-1.75	-4.83	40.00	24.25	-.03	-1.05	-7.19	6.52	2.94	.77	F	35.4	72.0	6.2	11.7	.00	.0	00-00-00	116.7	7.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	19.00	16.00	16.00	-3.50	-17.95	23.00	6.22	-.46	-2.21	-1.11	42.53	.92	.94	S	241.0	63.0	4.8	12.0	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JB's Rest	JBBB	16.25	14.75	15.00	-.75	-4.76	18.13	11.63	.34	-.55	-1.20	-37.28	1.00	.06	Q	6.2	22.0	4.1	14.7	.20	1.3	10-31-83	53.3	2.2	1.0	5.17	7.42	0983
Jerrico Inc	JERR	17.63	15.00	15.63	-.88	-5.30	23.13	15.00	-.51	-2.10	3.07	21.55	1.33	-.07	S	-5.3	17.0	4.6	12.6	.12	.8	11-04-83	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	5.63	5.00	5.25	-.38	-6.67	10.75	4.63	-.12	.06	-3.12	-19.64	-.37	-.54	N	NE	-52.0	-6.1	NE	.00	0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Kelly-Johnston	KEJO	13.63	12.00	12.63	-1.13	-8.18	18.75	11.88	-.01	-1.31	-1.91	6.40	.40	.18	S	62.0	56.0	6.3	26.9	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	31.50	28.25	28.25	-3.38	-10.67	43.75	18.59	-.14	-2.28	-.67	48.84	1.32	.34	S	28.5	23.0	4.0	18.5	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	39.38	34.00	34.25	-5.00	-12.74	39.75	28.00	-.16	-.89	-.13	11.68	1.53	.18	Q	12.8	28.0	9.8	21.7	.60	1.8	03-05-84	141.4	13.9	1.6	.60	7.80	0883
Marcus Corp	MRCS	14.63	12.88	12.88	-2.00	-13.45	15.13	10.00	-.02	-1.55	.05	38.73	1.28	.27	S	23.6	7.0	6.1	9.1	.25	1.9	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	75.00	69.25	69.25	-6.00	-7.97	81.00	50.25	-.02	-1.14	.16	-14.79	3.44	.58	N	17.3	36.0	3.7	17.6	.44	.6	12-20-83	2541.4	94.3	.9	33.49	19.43	1282
McDonald's Cp	MCD	70.00	67.00	67.88	-.13	-.18	74.50	55.75	-.20	-.46	-.38	-15.36	5.00	.65	N	13.3	23.0	11.1	12.3	1.00	1.5	01-24-84	2715.2	300.6	.5	17.62	25.51	1282
Morrison Inc	MORR	19.00	16.75	17.00	-1.50	-8.11	21.06	16.06	-.32	-.54	-1.52	-12.24	1.34	.19	S	15.4	13.0	4.5	12.0	.40	2.4	12-30-83	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	9.88	8.88	9.13	-.75	-7.59	10.50	2.50	.21	-.55	-2.56	-12.15	.45	1.43	F	NE	-27.0	1.1	20.3	.00	.0	05-29-80	63.8	.7	1.1	4.26	3.76	0982
Nathans	NATH	2.38	2.00	2.00	-.75	-27.27	3.63	1.44	-1.27	-4.53	-2.90	-9.23	.09	.02	S	20.0	23.0	1.1	16.7	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	19.00	17.00	17.00	-2.00	-10.53	32.75	14.25	-.21	-2.20	-4.91	-20.63	.70	-.02	Q	-2.9	66.0	3.6	26.2	.00	.0	11-01-82	86.7	3.1	.8	6.57	4.96	0683
Oakbrook Cons	OKCO	16.00	16.00	16.00	.00	.00	18.50	14.00	-.09	.16	2.49	-50.00	.69	-.81	N	-90.0	-10.0	.4	177.8	.32	2.0	12-08-83	143.6	.6	.6	3.82	13.85	0982
Peoples Rest	PEPL	7.75	6.63	6.63	-1.25	-15.87	15.13	6.63	-.13	-1.17	.60	-13.52	.28	.10	Q	47.6	106.0	7.5	21.4	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
Piccadilly Caf	PICC	17.38	14.00	16.75	2.75	19.64	18.13	12.75	.76	2.66	4.79	39.20	.99	-.43	S	-33.0	2.0	3.9	19.3	.60	3.6	12-09-83	152.7	6.0	1.6	.00	7.71	0683
Pizza Inn	PZA	13.75	12.75	12.88	-.88	-6.36	17.50	6.94	-.24	-.67	-2.06	3.30	.55	.70	N	179.4	9.0	1.3	11.8	.08	.6	01-10-84	135.1	1.7	.9	12.32	6.63	1282
Pizza Time Thea	CHKY	6.38	5.50	6.13	-.88	-12.50	26.00	5.50	-1.62	.63	.67	-2.34	1.27	-1.69	N	-150.8	86.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Ponderosa Sys	PON	24.88	22.75	23.00	-1.50	-6.12	25.25	15.00	.54	-.39	.68	-47.30	1.50	-.41	N	-25.7	-5.0	2.8	19.5	.33	1.4	12-14-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	10.38	9.38	9.63	-.75	-7.23	11.88	5.75	-.10	-1.26	-1.62	22.39	-.73	.15	N	NE	-30.0	-3.6	NE	.00	.0	10-19-81	547.5	-19.8	.6	18.50	5.12	1282
Rax Restaurants	RAXR	18.50	18.00	18.00	.00	.00	23.25	.00	-.16	-.14	-1.20	-26.77	.57	.63	Q	NC	57.0	3.8	28.6	.00	.0	00-00-00	63.0	2.4	1.7	4.33	3.63	0783
Restaur Assc	RA	9.50	8.38	8.50	.25	3.03	11.38	6.63	.42	-1.92	13	-38.24	.77	.12	N	19.3	37.0	1.8	11.5	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	23.25	21.75	21.75	-1.50	-6.45	28.25	10.50	-.18	-1.46	-.44	-34.06	.52	.20	F	62.5	86.0	10.6	41.8	.00	.0	04-20-83	19.8	2.1	3.1	.34	1.61	1282
Saga Corp	SGA	29.50	26.38	26.63	-2.50	-8.58	40.25	20.50	-.65	-.43	2.64	3.85	2.10	.52	S	29.7	64.0	2.3	11.7	.44	1.7	02-10-84	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	10.00	9.50	10.00	.50	5.26	15.50	9.00	.39	.16	2.39	-33.79	.70	-.18	S	-23.6	17.0	4.5	17.2	.00	.0	00-00-00	20.2	.9	1.5	.08	5.38	0683
Sea Galley	SEAG	8.75	8.00	8.50	.50	6.25	15.00	7.50	.09	.30	-3.65	44.16	.02	-.81	N	-155.7	-14.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	18.00	15.75	17.50	1.50	9.38	18.00	11.59	.19	-.56	3.53	-84.67	.67	-.35	N	-36.8	26.0	1.5	29.2	.00	.0	09-09-83	138.1	2.1	1.1	59.81	5.64	1282
Shoney's Inc	SHON	26.00	23.00	23.00	-2.50	-9.80	27.38	20.06	-.03	-1.42	-3.73	-14.67	1.17	.46	F	64.7	31.0	5.9	19.7	.16	.7	01-04-84	397.8	23.4	1.0	2.65	5.02	1082
Sizzler Rest Intl	SIZZ	12.25	11.75	12.00	-.38	-3.03	16.25	10.13	-.33	.11	-5.51	-24.81	1.01	.09	S	9.7	16.0	4.5	11.9	.00	.0	00-00-00	128.0	5.8	1.0	2.33	4.63	0482
Skippers	SKIP	10.75	9.75	10.00	.25	2.56	15.50	6.34	.16	.93	1.35	20.00	.81	.33	F	68.7	25.0	4.0	12.3	.06	.6	10-11-83	50.5	2.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTA	17.50	17.50	17.50	.00	.00	22.00	16.50	.16	.16	-3.93	50.00	.37	.56	N	90.3	5.0	.9	14.8	.26	1.5	10-05-83	80.1	.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	5.00	4.75	4.75	-.25	-5.00	7.50	4.50	.03	.20	.36	-1.19	.27	.07	S	29.1	89.0	3.8	15.3	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Steak n Shake	STAK	9.00	8.38	8.38	-.63	-6.94	10.00	4.00	-.39	-1.01	-1.02	-29.52	.29	.11	F	61.1	44.0	2.0	28.9	.00	.0	05-17-79	64.4	1.3	1.1	4.94	2.76	0982
Victoria Stations	VSTA	7.50	7.13	7.38	.00	.00	13.63	6.63	-.45	-.18	-5.62	-26.67	-2.39	-2.27	S	NE	-82.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	20.75	18.63	19.13	-1.25	-6.14	22.00	13.00	-.23	-1.13	-.92	12.66	1.13	.19	N	17.4	22.0	7.3	14.9	.32	1.7	11-03-83	604.3	44.1	.8	2.53	6.50	1282
Western Steer	WSMP	11.75	11.50	11.50	-.25	-2.13	17.50	9.50	-.40	-.52	-6.54	-35.71	.92	-.07	N	-6.1	7.0	3.1	10.8	.16	1.4	11-18-83	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	14.88	14.00	14.00	-.88	-5.88	17.13	11.91	-.48	-.82	-1.79	-41.03	.63	-.03	N	-4.7	11.0	2.6	23.3	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

Data and Table Provided by Media General Financial Services, Inc., Richmond, VA 23261

FINANCIAL NEWS

El Torito, Chili's miss mark in initial public offerings

NRN Special Report

A stalled stock market rally has forced two closely watched restaurant companies—El Torito and Chili's—to accept less than they had hoped for in their initial public offerings.

Chili's, the Dallas-based, 26-unit upscale burger chain, settled for $15 a share in its one-million-share issue. The company, headed by Steak and Ale founder Norman Brinker, had anticipated selling shares for $17 to $20 each.

El Torito Restaurants, the 110-unit Mexican dinnerhouse chain that conglomerate W. R. Grace is carving out, went public with three million shares priced at $13 each.

Originally, El Torito had expected to sell a total of 4.4 million shares priced at $15 to $18 each. W. R. Grace itself was to have sold almost two million shares of the planned issue.

Mike Casey, El Torito's chief financial officer, said the company decided to go ahead instead of postponing its plans because El Torito had taken on debt in anticipation of going public.

El Torito had borrowed from bankers to pay back W. R. Grace for letting El Torito go its own way. "If we didn't do something," Casey said, "we would have been very heavily indebted."

Although Grace missed the first-round offering, the conglomerate could get proceeds from the 450,000 shares the underwriter would sell if the offer was overbooked.

El Torito's three-million-share offering constitutes about 22% of the company's outstanding stock. Grace owns the rest.

In Chili's $15 million grab, the company got about $7.9 million to pay down debt and use for expansion. Insiders, led by president Larry Lavine who sold 260,000 shares, reaped about $7 million. Brinker sold no shares, but his 26% stake overnight became almost $18 million.

Both Chili's and El Torito have aggressive expansion plans which the public offerings will help propel.

Jerrico net dips in second quarter

LEXINGTON, Ky.—Jerrico Inc., operator of more than 1,300 Long John Silver's Seafood Shoppes, reported a net profit of $3.1 million for the second quarter ended Dec. 21, a 34% decline from last year's second quarter. Revenues for the quarter were $115.4 million, a 5% increase over year-earlier results.

For the six months, the chain posted a net profit of $9 million, down 13.5% from last year, on revenues of $241 million, a 6.5% rise over last year's first two quarters.

Jerrico, which also operates 74 Jerry's family restaurants, attributed the decline in net profit for the first six months to decreased average sales and promotion discount costs at its company-owned Long John Silver's units.

Tokyo Bowl makes first offering

DENVER—Tokyo Bowl, a 17-unit chain of Japanese fast-food restaurants, has filed for an initial public offering of common stock—one million shares at $5 a share.

Chairman and chief operating officer David Kahn said the projected sale would net about $4.3 million. Forty per cent of that, he said, would be used for acquisitions and expansion.

This chain was founded just over two years ago by Kahn, an attorney from South Africa; Scott Anderson, whose family founded Vicorp Restaurants, and Ed Barad. Anderson is executive vice president of franchising.

Last fall Tokyo Bowl hired William Storm, the highly regarded former chief financial officer of Church's Fried Chicken, as its top financial executive. Storm is president as well as chief financial officer.

The chain has 14 units in Colorado and two in Kansas City. Some standard menu items are a rice-based dinner bowl topped with sliced beef and vegetables, chicken teriyaki and beef teriyaki.

Kahn said he was negotiating with potential franchisees. A letter of intent for Utah had been signed and a deal for Texas was in the works, he said.

The stock offering was pending approval of the Federal Securities and Exchange Commission. Kahn said he hoped the sale would occur by mid-February.

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Denny's profit rises 15% to $10.4M in 2nd quarter

LA MIRADA, Calif.—Denny's Inc. posted a 15% increase in net profit to $10.4 million for the second quarter ended Dec. 30, compared to last year's second quarter. Revenue for the period also rose by 15% over last year to $293 million.

Operating profit for the period was up 21% to $26.7 million from year to year; interest income was off 31% to $1.9 million.

Results from the first half reflect the same 15% increase in net profit over the prior year. The six-month net was $24.2 million on revenues of $613.4 million, up 17% over last year's first half.

Denny's gained the apparent advantage of Christmas-week sales in the 13-week second quarter; last year's second quarter, also 13 weeks, ended on Dec. 24. The advantage was largely nullified by severe winter weather during the last weeks of the calendar year, which forced closure of some 120 Denny's units for anywhere from hours to weeks, according to Vern O. Curtis, president.

Curtis attributed the quarterly gains in revenues and margins to generally stronger operations and improved promotions and advertising.

Restaurant division revenue of $230.2 million were up 17% over last year's second quarter, while the division's operating profit increased 32% to $22.1 million. Divisional operating margins grew to 9.6% from 8.5% a year ago. Menu prices were increased 4% in the quarter, and company-operated domestic restaurants increased sales by 7% to $240,000.

The Winchell's Donut House division suffered a 16% decline in operating profit to $3.7 million during the quarter, although revenue was up 6% to $44.8 million. Menu prices were raised 5% during the quarter, and average doughnut shop sales were up 6% over last year to $53,500.

On Jan. 12, Winchell's began an off-price promo in most areas (a dozen doughnuts for $2.79), aimed at boosting sales. The plan "will make us very competitive with supermarkets and others who sell doughnuts and will open a whole new market for us," Curtis said. The discount plan would not affect Winchell's regular-price core customer, who typically buys a doughnut or two with a beverage in the morning, Curtis said.

Acquisition of all 78 Colony Kitchen restaurants by Denny's for $13.6 million cash, begun in the second quarter, was still in progress at presstime.

The company's 21-unit El Pollo Loco division has 15 additional sites under development, Curtis said. These will utilize a new freestanding building design, and most will have drive-thru service. The company expects to open a total of about 40 units by the end of 1984, and should begin TV advertising of the Mexican-style char-chicken concept when the current size of the chain is doubled, Curtis said.

On Jan. 27, El Pollo Loco moved its divisional headquarters from downtown Los Angeles to Santa Fe Springs, Calif., only blocks from corporate headquarters in La Mirada.

SPOTLIGHT ON FINANCE
See page 14

Grandma Lee's cuts losses

MISSISSAUGA, Ontario—Grandma Lee's, a 100-unit chain of bakery restaurants, has cut its losses to $3 million (Canadian) for the year ended June 30 from $8.5 million the year before.

Ontario securities authorities had temporarily banned trading in the company's stock because its fiscal 1982 financial reports weren't filed on time.

The company, for the second consecutive year, questioned its own ability to continue as a going concern. Its troubles began four years ago in connection with controversial accounting techniques.

Southern Hospitality profit increases 47%

NASHVILLE—Net profit for Southern Hospitality, a Wendy's and Mr. Gatti's franchisee, rose 47.4% to $328,196 in the second quarter ended Nov. 30, compared to the same period last year.

Revenues were up 28.6% to $8.7 million.

For six months profit was up 45.3% to $602,229, while revenues increased 36.5% to $16.7 million.

In a statement on the results, chairman R. Wayne Oldham noted that the introduction of baked potatoes at Wendy's was an "outstanding success."

"Primarily as a result of the new baked potato, same-store sales for November were up over 30% in our Wendy's units," stated Oldham.

The company said it hired more than 300 people in September and October to handle the expected increase in business at Wendy's.

Southern Hospitality operates 25 Wendy's, 12 Mr. Gatti's Pizza Restaurants, 5 Ireland's and 2 Tempo's.

EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
Consul	3 mos. 6 mos.	11/30			$ 13.981 27.000	200.0 92.0	$ 0.120 0.801	30.0 95.0
Creative Restaurant Ent.	6 mos.	9/30			14.400	23.0	0.792	107.0
Hilton Hotels	12 mos. 3 mos.	12/31			669.600 179.700	8.0 18.0	112.600 25.100	35.0 34.0
Jerrico	3 mos. 6 mos.	12/21			115.400 241.000	5.0 6.5	3.100 9.000	– 34.0 – 13.5
Luby's	3 mos.	11/30			38.900	14.0	3.600	14.0
Nankin	3 mos. 9 mos.	10/9	$0.365	0.111	218.000	76.0	– 0.690 0.173	
Southern Hospitality	3 mos. 6 mos.	11/30			8.700 16.700	28.6 36.5	0.328 0.602	47.4 45.3
Vie de France	6 mos.	12/11			24.200	32.0	2.400	32.0
Western Steer	3 mos. 9 mos.	11/4			9.020 24.700	28.0 25.0	0.494 0.949	65.0 34.0

Source: *Company earnings reports*

**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.

Operators shun drunk driving responsibilities

A new Nation's Restaurant News *study reveals that while restaurant and bar operators across the country increasingly are being blamed for drunken driving accidents, a significant number of these have taken no action to thwart the problem and prevent suits or license revocations.*

(Continued from page 1)
being singled out for blame for accidents involving drunken drivers. And as public pressure for tougher drunk driving laws grows, restaurant operators are being challenged to come up with policies on responsible liquor service.

The *Nation's Restaurant News* survey shows that the tough drunk driving laws are apparently discouraging some patrons to get behind the wheel after a few drinks. While 22% of all operators surveyed said their liquor sales have decreased in the midst of heightened publicity about drunk driving, the decrease was higher among chain operations, such as themers, than among independent restaurants. About one-fourth of all chain operators reported decreased sales, compared to only 15% of independents.

On the average, the sales decrease amounted to nearly 12% for all restaurant types combined.

A full 70% of all operators said they felt personally responsible for making sure that their patrons don't leave their establishments intoxicated; the rest, however, felt no responsibility.

Those who said they are responsible cited "moral obligations," legal liability, concern for the reputation of the establishment and a fear of seeing their customers or others hurt in drunk driving accidents as reasons for trying not to allow guests to leave intoxicated.

On the other hand, some of the operators who claimed no personal responsibility said it was up to the patrons themselves to make sure they don't get drunk, while others said it's difficult to judge or monitor liquor consumption. Still others said some guests come in already intoxicated, so their establishment should not have to bear the burden of responsibility.

When asked what steps they've taken to deal with their new legal responsibility—a number of states are now putting dramshop statutes on their books (under which the innocent victim of a drunk driving accident can sue the liquor server), 50% said they simply refuse to serve a customer if they feel he or she is intoxicated.

Providing alternate travel arrangements to intoxicated guests, was cited by 14%. Other steps include serving of food and coffee, calling security or police if necessary, paying more attention to a customer's age, and taking out increased liability insurance.

No special measures were reported by 15% of all operators surveyed.

A bit over half—53%—said they do not have any formal procedures to deal with intoxicated persons. The percentage was higher among independents—70%—than among chain operations—42%.

Of those who are taking measures related to the prevention of drunk driving, 70% said they train their staffs to recognize signs of intoxication; 54% said they've expanded their bar/cocktail lounges to include food service and entertainment; 50% said they've instituted such special programs as offering cab rides home; 28% are pushing nonalcoholic drinks; 21% say they're deemphasizing liquor consumption altogether; 20% have become involved with public groups, such as M.A.D.D. (Mothers Against Drunk Driving) that educate of the dangers of drunk driving, and 19% are limiting the number of drinks served.

The majority—62%—of operators, however, do not have any formal training in liquor tolerance levels and legal definition of intoxication, nor do they offer such training to their employees. When broken down by type of operation, however, more chains—45%—than independent operators—28%—have such training.

Restaurant/bar operators were also asked to comment on selected statements concerning the sale of liquor.

Nearly 80% agreed "strongly" or "somewhat" with the view that as a whole, the restaurant industry is being "very responsive" to the consequences of intoxication.

A majority also felt strongly that the industry should get involved in legislative proposals aimed at curbing drunk driving/liquor service liability proposals: 68% agreed strongly or somewhat on the need to speak out "in an organized way" on dwi (driving while intoxicated) legislative proposals.

Yet 56% also said that it's "unrealistic" to think that liquor consumption by restaurant/bar patrons can be controlled or monitored by restaurant personnel.

And nearly half of all operators surveyed agreed strongly or somewhat with the suggestion that restrictions should be placed on liquor advertisements, as was done with cigarettes.

The proposal to restrict liquor ads has been made by some public interest groups who argue that many of the advertisements promote irresponsible liquor consumption, particularly by youth, by portraying drinking as a romantic or socially acceptable group activity.

Of all the operators who said they've been sued under dramshop statutes or other third-party liability laws, 10% were chain operators, while only 2.5% were independents.

Ironically, 25% of all independents said their liability insurance rates have gone up—apparently as a result of the growing number of lawsuits stemming from drunk driving accidents—while only 15% of chain operators reported rate hikes.

On the average, insurance rates went up by nearly 50%.

By all accounts, the industry feels the publicity surrounding the issue is bound to continue impacting their businesses.

One-fourth said they expect it to have generally positive consequences by raising customer and management awareness of the drunk driving problem. A smaller percentage projected among other things, that hard liquor sales will decrease while sales of less alcoholic drinks such as wine, and other alternative drinks will rise; that establishments will need to limit the number of drinks sold per customer or promote liquor less aggressively.

Still others said restaurant/bars will become more expensive to operate as insurance rates rise.

But 14% said they foresee "no major consequences" since dramshop laws have been in effect for a long time.

The restaurant/bars surveyed included 60 chains and 40 independents, with total annual sales ranging from $1 million to $71 million and more.

The new Cimarron Rose will incorporate Victorian and Western motifs in much the same way as the prototype in Richmond, Va.

Cimarron Rose opens third unit

NORFOLK, Va.—A third Cimarron Rose restaurant, featuring authentically prepared Western-style menu items, has opened here on Military Highway.

The new Cimarron Rose, built from the ground up for $600,000 on the site of the Best Western Center, was designed as a reproduction of 1890's western architecture.

Decor is also reflective of the period, sporting Victorian antiques, wood paneling and western memorabilia. The stained glass ceiling in the main dining room is 150 years old and originally graced a western church.

Approximately 100 people will be employed in the 8,000-sq.-ft. restaurant, which will seat 200. The bar and lounge area, offering recorded music, dancing, pente and backgammon, will accommodate 100.

Bill Jackson, president of the Richmond-based restaurant chain, anticipates first-year volume of between $2 million and $2.5 million at the new unit. He also projects annual gross sales of $1.5 million to $2 million at the original Richmond unit, opened in April 1983, and $1.3 million to $1.5 million at the Roanoke operation. The chain averages 350 to 600 customer counts a day and an average per person check of $6 to $9.

Both the first Cimarron Rose, located on Richmond's southside, and the second unit, in the Tanglewood Mall Cinema Building, were converted from existing restaurant operations. Cimarron Hospitality Corp., the restaurant chain's parent company, plans to open three to five converted units per year in the mid-Atlantic and southeastern United States.

Union agreement reached

SAN FRANCISCO—Hotel and Restaurant Employees Union 2 and Luisa's Restaurant here have reached final agreement on their first union contract, one that features the right of Luisa's workers to take Gay Freedom Day, 1984 as one of their five paid holidays.

This is reportedly the first union contract in the United States to include such a provision. It came after a 111-day strike by Luisa workers which included picket lines from primarily gay and lesbian clientele of the restaurant and support from San Francisco's Gay Democratic Clubs.

In addition to the paid holidays, the agreement includes medical and dental benefits at no monthly cost to employees, paid vacation and sick leave. Wages will be increased an average of 16% immediately and 14% in its second year.

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STATE LEGISLATIVE OUTLOOK
Industry battles on 50 fronts—Pp. 33-40

Nation's
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Chef Jonathan Waxman's reputation preceded him to N.Y.—tables at Jams were jammed from opening day on.

Waxman and Jams: Calif. comes to N.Y.

By Ken Frydman

NEW YORK—Jonathan Waxman, a recognized master of the California cuisine trend that is reshaping menus in major markets across the country, has set his sights on one of fine dining's toughest markets here.

The California-born chef, whose reputation for simple and creatively prepared light-sauce items has been built at Michaels in Santa Monica, opened his own restaurant called Jam's at 154 East 79th Street.

Backing Waxman in the venture are wine merchant Melvyn Master and his wife, Janie. With Jam's, the trio have embarked on an ambitious cross-country venture that will be charted closely by restaurateurs on both coasts.

In its first weeks the 60-seat restaurant with $40-plus average checks has been turning tables twice at dinner plus drawing 25-30 lunch patrons six days a week. Waxman's reputation obviously preceded him and Jam's appears sure to get a fair trial

(Continued on page 73)

Bushnell resignation fuels pizza-entertainment decline

By Richard Martin

SUNNYVALE, Calif.—Nolan K. Bushnell, the computer games genius and restaurant novice who dreamed up a fusion of games, robots and food service which took the industry by storm, has resigned as chairman of beleaguered Pizza Time Theatre.

The storm Bushnell created has largely subsided, leaving in its wake serious doubts about the future of the food-and-games segment which Pizza Time leads; optimistic newcomers, nonetheless, are still entering the arena.

Pizza Time's closest competition, ShowBiz, is also slumping but planning a comeback.

Replacing the earlier hoopla surrounding Bushnell's Chuck E. Cheese mascot and other kid-vid marketing lures is the growing disinterest of patrons toward repetitive video games, robot entertainers and mediocre pizza—all of which is underscored by cash-strapped Pizza Time's own admission that losses yet to be reported for the fourth quarter of 1983 will be "substantially" greater than its $3.7 million loss in the

(Continued on page 73)

Seven years later

Fisher returns to NRA hot seat

By Charles Bernstein

ORLANDO, Fla.—William P. Fisher was overwhelmingly selected here earlier this month for a second term as National Restaurant Association executive vice president and staff chief . . . with a seven-year gap between terms.

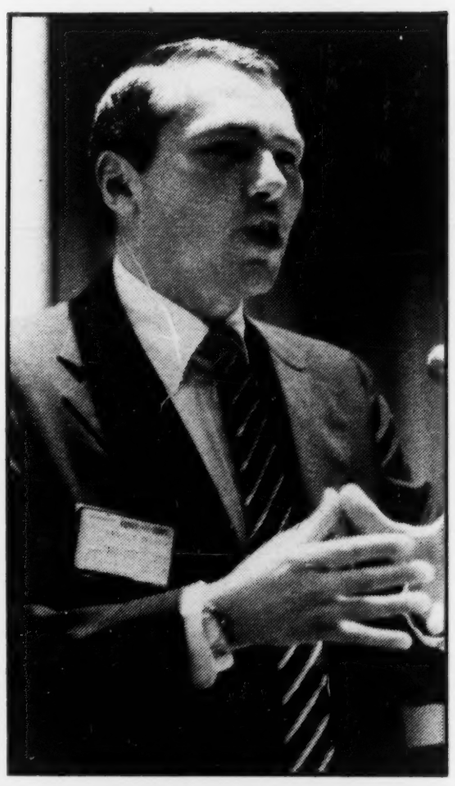
Full coverage of the NRA's board meeting, next issue.

He is slated to take office within the next week to succeed Robert Neville, who has persevered despite a serious illness for many months.

The final clearcut choice and ratification came in a series of unanimous votes by the NRA's search committee, executive committee and board of directors after previous discussions as to whether a totally new face was needed to head the NRA or whether the Fisher brand of strong administration and effective organization that proved relatively successful from 1972 to 1977 would be the right antidote to the NRA's serious challenges of the 1980's. (See Editor's Corner, Page 6.)

With no visible dissent, the NRA's committee members and the entire board said yes to Fisher's nomination out of 126 candidates in the race. NRA committee leaders and sources refused to say who the finalists were, but it was learned that the executive director of a prominent trade association in an entirely different field and Donald I. Smith, who has been fighting his controversial ouster as director of the Michigan State HRI School, were the leading names that the search

(Continued on page 73)



William Fisher

'Gourmet' burger bandwagon hits both coasts

Beefsteak Charlie's concept slated for mid-April opening

By Joe Edwards

NEW YORK—Beefsteak Charlie's is developing a chain of "gourmet" burger restaurants by converting "many" of its 68 East Coast dinnerhouses to the new concept, company officials disclosed earlier this month.

At the same time, the company is proceeding with a renovation program designed to modernize its older steakhouses and make them more competitive by lowering average checks and offering a wider choice of non-beef items, including seafood and Mexican-style food.

Both programs are designed to better utilize Beefsteak Charlie's valuable real estate holdings, build customer traffic which has fallen off in the last two years, capture a share of the blossoming adult fast-food market and re-establish the chain's traditional price-value perception among consumers.

If the renovation and conversion programs proceed as planned, Beefsteak Charlie's will be a radically altered company by this time next year, operating a trendy "gourmet" burger chain and a scaled-down chain of new-look dinnerhouses.

"We're looking to thin out our [steakhouse] chain, renovate some restaurants and introduce a new concept with a lower check average," explained vice president and treasurer Marvin Shore.

The as-yet-unnamed "gourmet" burger concept is designed for high unit volumes and a higher-than-average liquor to food sales ratio, another spokesman said. Average per-person checks will be about $5, compared to the $12 average at Beefsteak Charlie's.

Geared to what one official called "the post-McDonald's generation," the "gourmet" burger units will feature cooked-to-order hamburgers with a variety of toppings, freshly made pasta entrees, several salads, specialty drinks and imported beers and make-your-own ice cream sundaes.

These converted units will have an "international cafe atmosphere," waitress service, moderate menu prices and a wide range of specialty drinks, including frozen and ice cream cocktails, espresso and cappuccino.

(Continued on page 73)

Vic Station looks to Bonkers to help cut staggering losses

LARKSPUR, Calif.—Victoria Station is opting to trade boxcars for burgers in its newest strategy to overcome staggering, ongoing losses.

While reporting a $1.95 million net loss on revenue of $30 million for the third quarter ended Jan. 8, the 97-unit chain of dinnerhouses disclosed plans to jump on the upscale burger bandwagon with conversion to a new concept, Bonkers.

The company said it anticipated conversion of a "significant number" of its restaurants to the fast-growing segment, starting with two units in unspecified locations set for mid-year debuts.

Bonkers will feature a new exterior and interior design, while the traditional Victoria Station railcar concept would continue in nonconverted units. The company had previously said it would sell off a third of the 97-unit chain over the next three years.

Net losses in the third quarter were virtually identical to those of the same period last year, when the company lost $1,947,000 on revenue of $33.5 million.

(Continued on page 74)

LATE NEWSBREAKS

John J. Hooker, founder of the old Minnie Pearl chain, and Howard Lipman, president of Spats theme restaurants, each is eying separate strictly drive-thru and takeout units featuring 2-oz. burgers. Each is based in Nashville. (Full details, next issue.)

Edward J. Marklow III has been promoted from senior vp to president and coo of 466-unit Little Caesar Pizza. Founder Michael Ilitch remains chairman and ceo.

Talks were continuing beyond earlier deadlines at presstime on the proposed leveraged buyout of Arby's parent Royal Crown by financier Victor Posner's Chesapeake Insurance.

Merrill J. Anderson, 51, chairman and ceo of Minneapolis-based Consul Corp., operator of 25 franchised Chi-Chi's Mexican dinnerhouses, was killed earlier this month along with his wife in a private plane crash in the Colorado mountains near Durango.

FINANCIAL NEWS

$3 billion '83 revenue Marriott's highest ever

WASHINGTON—Marriott Corp's annual revenue hit the $3 billion mark for the first time last year, a 19% gain over fiscal 1982. Net profit for the year ended Dec. 30 rose 22% over the prior year to $115.2 million.

Fourth-quarter net profit of the diversified food-service, lodging and entertainment company reached $31 million on revenues of $948.8 million, increases of 21% and 20% respectively over 1982's comparable quarter.

President J. Willard Marriott Jr. attributed the company's strong showing for the year to improvements in all major divisions. Operating profit, he said, benefited most from increased business and airline travel as well as from continued unit growth.

"Sales have doubled in the past five years and nearly tripled in the past seven years," Marriott remarked. "Our operating strengths and unit expansion provide a solid basis for the achievement of our financial goals throughout the 1980's—which include averaging 20% annual earnings growth and maintaining return on equity of 20%."

For the year, Marriott hotels and resorts posted a 21% gain in sales over fiscal 1982. Operating profit in this sector rose 12% over '82 results, excluding asset sales in both years and the effect of a syndication in 1982. In all, the chain added 14 hotels and expanded eight existing properties, increasing by 5,600 the total number of rooms in the system.

In the contract management division, sales improved by 16% over 1982, while operating profit rose 30% excluding a nonrecurring write-off in 1982. While profits were improved in all major contract feeding areas, domestic airline catering and airport terminal operations showed the largest gains due to an estimated 6% rise in airline travel.

Marriott's restaurant division, the company's star performer for the year, posted sales gains of 24% over 1982 results with operating profit rising 27% over year-earlier figures. Gains were registered in all three major restaurant divisions—Roy Rogers, Bob's Big Boy and Host Specialty Restaurants.

Consul Corp. 2nd qtr. profit up 30%

MINNEAPOLIS—Consul Corp., franchisee of Chi-Chi's Mexican Restaurants, reported that net profit for the second quarter ended Nov. 30 rose 30% to $120,561 compared to the same period a year earlier.

Revenues for the quarter doubled to $13,981,236.

For six months net profit increased 95% to $801,421, as revenues rose 92% to $27 million.

Chairman Merrill Anderson stated that unit volumes were up for the first six months of the fiscal year.

Food-service chain stock analysis table

		STOCK PRICE							TREND TO MARKET				EARNINGS/SHARE					P/E	DIVIDENDS			FINANCIAL POSITION					
		Two Weeks Ended Feb. 10							Price Trend (% per day)		Volume Trend (% per day)			Latest 12 Months vs Preceding 12 Months Change		5-Year Annual Growth Rate	Profit Margin		Indicated Dvd. Rate		Last X-Dvd. Date	Last Fiscal Year		Current Ratio	Last Fiscal Year (Per Share)		Last Balance Sheet Date
Name	Symbol	High	Low	Close	Change Amt.	Change Pct.	52-Week High	52-Week Low	Last 30 Days	Last 5 Days	Last 30 Days	Last 5 Days	Last Fiscal Year	Amt.	Pct.			Latest P/E Ratio	Amt.	Yield		Revenue	Earnings		Long Term Debt	Common Stock Equity	
—	—	$	$	$	$	%	$	$	%	%	%	%	$	$	%	%	%	—	$	%	—	$ Mil.	$ Mil.	—	$	$	—
A & M Food Svc	AMFD	8.00	6.00	6.25	-1.75	-21.88	8.75	.00	-.24	-2.86	-1.68	4.81	.38	.47 N	NC	17.0	4.8	13.3	.00	.0	00-00-00	21.0	1.0	.9	.39	1.09	1282
Acapulco Y Los	ALAR	5.38	5.13	5.25	-.25	-4.55	7.50	5.00	-.15	-.39	-3.07	27.45	-1.96	-2.01 F	-20.0	-42.0	-12.9	NE	.00	.0	01-06-81	37.9	-4.9	1.4	6.13	2.99	1082
Am Motor Inns	INN	34.25	28.75	29.13	-5.13	-14.96	38.50	27.13	-.31	-.30	-.23	-21.30	2.52	.49 Q	22.0	45.0	8.6	10.7	.30	1.0	01-26-84	162.5	13.9	1.8	12.04	15.89	0783
ARA Services	ARA	50.75	46.50	47.00	-3.00	-6.00	55.25	36.13	-.10	-.35	-1.87	-36.18	4.37	1.21 Q	36.7	-3.0	1.7	10.4	2.05	4.4	11-25-83	3056.6	52.0	1.1	23.29	46.15	0983
Assoc Hosts	AHST	14.50	12.88	13.50	-1.00	-6.90	18.50	9.66	.35	-.49	-.81	23.98	.72	.45 Q	128.5	-1.0	3.6	16.9	.12	.9	12-12-83	88.3	3.2	1.3	5.25	5.71	0983
Beefsteak Char	BCS	4.25	3.50	3.75	-.38	-9.09	9.75	3.50	-.40	-2.05	-4.21	.71	-1.30	-2.18 F	-247.7	-27.0	-6.8	NE	.00	.0	00-00-00	98.2	-6.7	1.3	5.92	4.23	1082
Bob Evans Farms	BOBE	22.25	19.50	20.75	-1.50	-6.74	26.81	19.41	-.15	-.32	-1.62	30.22	.89	.12 S	14.1	23.0	7.5	21.4	.26	1.3	02-10-84	187.5	14.1	3.0	.00	5.54	0483
Brock Hotel Cp	BHC	7.13	5.75	6.38	-.75	-10.53	11.25	5.38	-.21	-1.22	-5.86	14.99	.55	-.97 N	-118.2	-6.0	2.8	NE	.10	1.6	01-24-84	255.6	7.1	1.1	16.64	4.38	1282
Calny Food	CLNY	10.00	8.50	8.75	-1.25	-12.50	11.50	8.34	-.31	-1.14	-5.34	-47.04	.53	-.03 N	-4.9	8.0	4.6	15.1	.16	1.8	01-25-84	30.2	1.4	.4	2.48	1.49	0283
Captain Crab's	CRAB	4.50	3.75	4.50	.13	2.86	8.38	3.50	-.79	3.01	1.90	47.22	.00	.00 Q	NC	NC	.0	NE	.00	.0	00-00-00	1.5	.0	7.5	.01	.29	0683
Carrols Cp	CRL	9.25	8.00	8.13	-.88	-9.72	11.88	4.19	-.58	-.50	1.16	-18.32	.50	.26 Q	83.8	99.0	3.6	14.3	.05	.6	12-23-83	85.2	3.1	.6	3.28	2.00	0582
Chi-Chi's	CHIC	19.88	17.00	17.88	-2.75	-13.33	29.00	13.94	-1.00	-.10	4.53	-31.53	.39	.26 S	96.2	67.0	9.4	33.7	.00	.0	09-28-83	94.2	8.9	2.6	1.87	1.62	0483
Ch Full O Nut	CHF	13.50	10.25	13.13	1.38	11.70	24.38	10.25	-.07	4.49	2.89	71.33	.64	.14 Q	29.7	-2.0	4.0	21.5	.50	3.8	12-09-83	111.6	4.5	2.9	.34	6.76	0783
Churchs Fr Ch	CHU	24.63	22.50	22.88	-1.50	-6.15	33.50	22.00	-.12	.46	-2.63	-7.35	2.19	-.27 N	-11.8	11.0	10.1	11.4	.72	3.1	01-23-84	413.1	41.6	1.8	.62	11.74	1282
Cindys Inc	CNDYC	3.00	2.75	2.75	-.13	-4.35	4.00	2.63	-.33	-.95	-2.13	-14.58	.13	.46 S	NE	30.0	2.1	9.5	.00	.0	00-00-00	14.3	.3	.0	4.63	.43	1282
Collins Foods	CF	19.50	16.25	17.50	-2.25	-11.39	21.63	12.19	-.34	.66	-.71	-22.03	1.47	.30 S	22.5	28.0	3.8	10.7	.20	1.1	12-23-83	324.4	12.4	1.8	4.14	8.71	0483
Concept Dev	CDII	19.28	16.91	18.25	-.91	-4.73	19.28	14.53	.91	-1.43	-3.03	-5.87	.08	.08 F	NC	NC	1.3	228.1	.00	.0	02-10-84	7.8	.1	1.0	.40	1.99	0683
Consul Corp	CNSL	12.63	11.25	11.75	-1.75	-12.96	18.75	11.25	-.56	-.51	-1.33	-14.87	.26	.30 S	500.0	40.0	2.5	36.7	.00	.0	00-00-00	32.0	.8	5.0	1.08	5.67	0583
Cracker Barrel	CBRL	17.75	16.75	16.75	-1.00	-5.63	27.34	13.84	-.70	.39	4.23	-13.18	.86	.09 Q	12.0	25.0	4.4	19.9	.14	.8	11-28-83	45.7	2.0	4.1	2.64	7.33	0783
Denny's Inc	DEN	34.13	30.75	31.63	-1.38	-4.17	39.25	28.63	-.28	-.04	2.77	5.96	2.54	.15 S	5.8	12.0	3.8	11.7	.72	2.3	03-06-84	1054.6	40.2	1.7	17.92	17.17	0683
Divfood	DFDI	16.00	14.25	15.00	-1.25	-7.69	25.50	14.25	-.66	.80	.15	-41.50	.65	.06 N	10.0	110.0	15.8	22.7	.00	.0	00-00-00	37.9	6.0	2.1	.55	1.99	1282
Dunkin Donuts	DUNK	20.75	18.50	19.13	-2.00	-9.47	28.75	17.00	-.62	1.27	.30	-16.78	1.62	.22 F	15.7	26.0	9.7	11.8	.28	1.5	11-01-83	81.6	7.9	1.2	12.87	15.97	1082
Fast Food Oper	POPI	1.75	1.44	1.44	-.25	-14.81	4.63	1.44	-1.32	-3.64	.87	-13.87	.05	.05 N	NC	81.0	6.5	28.8	.00	.0	00-00-00	4.6	.3	2.0	.02	.36	1282
Frisch's	FRS	30.25	28.38	28.75	-1.00	-3.36	32.94	14.06	-.05	-.47	-.83	-9.09	1.85	.77 S	51.3	25.0	3.7	12.7	.40	1.4	11-28-83	110.6	4.1	1.3	5.73	14.56	0583
Garcias Scot	GMEX	7.25	6.38	6.50	-1.00	-13.33	15.88	6.38	-.57	-.23	-1.01	-2.31	-.20	-.46 N	NC	12.0	-3.2	NE	.00	.0	00-00-00	25.0	-.8	1.1	.52	4.10	1282
Hambrg Hamlet	HAMB	10.25	10.00	10.25	.25	2.50	12.00	7.50	.42	.55	-4.92	10.00	-1.10	-2.11 Q	-185.0	-33.0	-2.4	NE	.00	.0	00-00-00	34.0	-.8	1.0	20.86	11.96	0383
Hilton Hotels	HLT	55.38	50.38	51.00	-4.25	-7.69	60.25	42.25	-.17	.04	1.32	-8.05	4.20	1.08 F	34.6	6.0	16.8	12.1	1.80	3.5	02-27-84	669.6	112.6	2.0	6.73	21.31	1282
Holiday Inns	HIA	48.63	44.25	44.25	-4.50	-9.23	59.00	35.00	-.10	-.44	3.77	-41.03	2.50	.71 N	29.3	14.0	6.8	14.1	.84	1.9	12-19-83	1425.3	97.2	.9	11.74	25.35	1282
Horn & Hardart	HOR	21.50	16.00	18.00	-3.38	-15.79	30.78	15.31	-.05	-.65	1.23	3.72	.70	.46 N	76.6	80.0	2.8	17.0	.00	.0	11-25-83	235.4	6.6	1.1	9.01	4.54	1282
Hungry Tiger	HTIG	8.50	8.25	8.50	.00	.00	12.25	6.50	.77	.57	-.58	-9.64	.00	-.79 Q	-114.4	-16.0	.0	NE	.00	.0	11-15-82	63.8	.0	.9	4.75	3.66	0683
Intl Dairy Queen	INDQ	34.50	33.50	33.50	-1.00	-2.90	40.00	26.50	.03	-.04	4.57	13.39	2.94	.77 F	35.4	72.0	6.2	11.4	.00	.0	00-00-00	116.7	7.2	1.1	11.23	6.32	1182
Int King Tab	IKNG	16.00	13.50	13.50	-2.50	-15.63	23.00	7.56	-1.15	-2.78	-.75	33.06	.92	.94 S	241.0	63.0	4.8	10.2	.00	.0	08-15-83	50.0	2.4	.4	5.16	3.18	0683
JB's Rest	JBBB	14.75	12.38	12.88	-2.13	-14.17	18.13	11.63	-.33	-.59	-2.84	6.38	1.00	.06 Q	6.2	22.0	4.1	12.6	.20	1.6	10-31-83	53.3	2.2	1.0	5.17	7.42	0983
Jerrico Inc	JERR	15.00	12.75	14.75	-.88	-5.60	23.13	12.75	-.71	1.97	3.89	26.51	1.33	-.07 S	-5.3	17.0	4.6	11.9	.12	.8	01-30-84	452.1	21.0	1.8	5.03	10.28	0683
Kapok Cp	KPK	5.38	4.75	5.00	-.25	-4.76	10.75	4.75	-.13	.48	-2.49	-21.25	-.37	-.54 N	NE	-52.0	-6.1	NE	.00	.0	00-00-00	11.4	-.7	2.5	1.36	5.45	0982
Kelly-Johnston	KEJO	12.63	10.50	10.75	-1.88	-14.85	18.75	10.50	-.38	-2.70	-3.08	17.40	.40	.18 S	62.0	56.0	6.3	22.9	.00	.0	10-13-82	38.0	2.4	4.0	3.29	4.41	0383
Karcher Carl	CARL	28.00	23.25	24.13	-4.13	-14.60	43.75	20.19	-.44	-1.39	-.51	-3.64	1.32	.34 S	28.5	23.0	4.0	15.8	.00	.0	02-16-83	231.0	9.3	2.4	8.31	8.13	0183
Luby's Cafe	LUB	34.50	31.75	32.50	-1.75	-5.11	39.75	28.00	-.46	-.64	-1.79	29.21	1.53	.18 Q	12.8	28.0	9.8	20.6	.60	1.8	03-05-84	141.4	13.9	1.6	.60	7.80	0683
Marcus Corp	MRCS	12.88	12.38	12.38	-.50	-3.88	15.13	10.00	-.24	-.47	1.82	-16.67	1.28	.27 S	23.6	7.0	6.1	8.8	.25	2.0	07-01-83	108.9	6.6	1.2	2.72	11.07	0583
Marriott Corp	MHS	69.38	63.00	64.50	-4.75	-6.86	81.00	54.25	-.30	-.26	4.34	28.36	4.15	.71 F	20.6	37.0	3.8	15.5	.44	.7	03-19-84	3036.7	115.2	.9	33.49	19.43	1282
McDonald's Cp	MCD	68.50	63.88	64.00	-3.88	-5.71	74.50	55.75	-.05	-.29	-1.38	2.12	5.74	.74 F	14.8	24.0	11.2	11.1	1.00	1.6	01-24-84	3062.9	342.6	.5	17.62	25.51	1282
Morrison Inc	MORR	16.63	14.88	15.00	-2.00	-11.76	21.06	14.88	-.51	-1.08	-2.35	4.14	1.34	.19 S	15.4	13.0	4.5	10.6	.40	2.7	12-30-83	416.4	18.7	1.5	2.39	8.57	0583
Mr Steak	MSST	9.00	8.50	8.63	-.50	-5.48	10.50	2.75	-.32	.14	1.76	-31.93	.45	1.46 Q	NE	-25.0	1.1	19.2	.00	.0	05-29-80	63.8	.7	1.3	4.01	4.26	0983
Nathans	NATH	2.63	2.00	2.63	.63	31.25	3.63	1.44	-.70	6.38	4.92	-.17	.09	.12 N	120.0	25.0	1.1	11.9	.00	.0	09-09-83	17.5	.2	.8	.05	1.79	0383
Naugles Inc	NAUG	17.00	13.25	15.00	-2.00	-11.76	32.75	13.25	-1.09	2.00	-1.28	-26.51	.70	-.10 S	-13.3	59.0	3.6	23.1	.00	.0	11-01-82	86.7	3.1	.8	6.57	4.96	0683
Oakbrook Cons	OKCO	16.00	16.00	16.00	.00	.00	18.50	14.00	.23	.56	-3.78	.00	.69	-.81 N	-90.0	-10.0	.4	177.8	.32	2.0	12-08-83	143.6	.6	.6	3.82	13.85	0982
Peoples Rest	PEPL	6.25	4.88	5.13	-1.50	-22.64	15.13	4.88	-1.25	-1.32	-1.87	.52	.28	.04 S	22.2	99.0	7.5	23.3	.00	.0	00-00-00	25.3	1.9	1.3	1.86	4.41	0683
Piccadilly Caf	PICC	16.75	15.00	15.00	-1.75	-10.45	18.13	12.75	.88	.14	2.00	-44.29	.99	-.43 S	-33.0	2.0	3.9	17.2	.60	4.0	12-09-83	152.7	6.0	1.6	.00	7.71	0683
Pizza Inn	PZA	12.75	9.75	10.50	-2.38	-18.45	17.50	7.38	-.80	-1.86	7.86	22.89	.55	.70 N	179.4	9.0	1.3	9.6	.08	.8	01-10-84	135.1	1.7	9	12.32	6.63	1282
Pizza Time Thea	CHKY	5.75	4.38	4.50	-1.63	-26.53	26.00	4.38	-1.91	-1.08	-.56	-6.60	1.27	-1.69 N	-150.8	86.0	7.6	NE	.00	.0	00-00-00	99.3	7.5	1.2	5.53	9.23	1282
Po-Folks	POFO	14.88	13.75	13.88	-1.13	-7.50	16.75	12.75	.19	-.61	-1.05	-9.84	.37	.41 Q	NC	4.0	1.9	33.8	.00	.0	00-00-00	69.8	1.3	1.1	4.68	4.95	0983
Ponderosa Sys	PON	23.38	20.50	21.25	-1.75	-7.61	25.25	16.00	.06	.96	-3.73	.06	1.50	-.41 N	-25.7	-5.0	2.8	18.0	.33	1.6	12-14-83	376.7	10.4	.8	8.03	12.43	0283
Ramada Inns	RAM	9.88	7.25	8.00	-1.63	-16.88	11.88	6.25	-.83	.72	6.14	-29.49	.13	.86 F	NE	-24.0	.7	61.5	.00	.0	10-19-81	573.8	4.2	.6	18.50	5.12	1282
Rax Restaurants	RAXR	18.00	17.25	17.25	-.75	-4.17	23.25	.00	.04	-.17	-5.90	-8.77	.57	.63 Q	NC	57.0	3.8	27.4	.00	.0	00-00-00	63.0	2.4	1.7	4.33	3.63	0783
Restaur Assc	RA	8.88	8.00	8.13	-.38	-4.41	11.38	7.00	.44	-.22	-.58	-15.54	.77	.12 N	19.3	37.0	1.8	11.0	.00	.0	00-00-00	104.8	1.9	1.0	3.98	7.15	1282
Ryans Fam Steak	RYAN	21.75	17.25	18.25	-3.50	-16.09	28.25	11.25	-.71	.80	5.06	-26.22	.52	.20 F	62.5	86.0	10.6	35.1	.00	.0	04-20-83	19.8	2.1	3.1	.34	1.61	1282
Saga Corp	SGA	27.00	24.63	25.38	-1.25	-4.69	40.25	20.50	-.56	-.66	.79	1.97	2.10	.52 S	29.7	64.0	2.3	11.2	.44	1.7	02-10-84	978.8	22.4	.9	4.65	10.62	0683
Sandwich Chef	SHEF	10.00	9.50	9.50	-.50	-5.00	15.50	9.00	.42	-.97	-3.74	-2.55	.70	-.18 S	-23.6	17.0	4.5	16.4	.00	.0	00-00-00	20.2	.9	1.5	.08	5.38	0683
Sea Galley	SEAG	8.50	7.50	8.38	-.13	-1.47	15.00	7.50	.06	1.18	-.12	20.27	.02	-.81 N	-155.7	-14.0	-.6	NE	.00	.0	06-02-81	70.1	-.4	1.3	5.10	4.90	1282
Servico Inc	SRVI	17.25	15.00	15.25	-2.25	-12.86	18.00	12.28	.29	.02	.25	-2.56	.67	-.35 N	-36.8	26.0	1.5	25.4	.00	.0	09-09-83	138.1	2.1	1.1	59.81	5.64	1282
Shoney's Inc	SHON	23.50	21.75	21.75	-1.25	-5.43	27.38	21.00	-.12	-.95	-.01	6.78	1.17	.46 F	64.7	31.0	5.9	18.6	.16	.7	01-04-84	397.8	23.4	1.0	2.65	5.02	1082
Sizzler Rest Intl	SIZZ	11.00	9.00	10.00	-2.00	-16.67	16.25	9.00	-.95	1.63	3.39	37.30	1.01	.09 S	9.7	16.0	4.5	9.9	.00	.0	00-00-00	128.0	5.8	1.0	2.33	4.63	0482
Skippers	SKIP	10.00	9.25	9.75	-.25	-2.50	15.50	6.50	.30	.50	-2.26	32.15	.81	.33 F	68.7	25.0	4.0	12.0	.06	.6	10-11-83	50.5	2.0	.5	3.38	6.69	1282
Sonesta Hotel	SNSTA	17.50	17.50	17.50	.00	.00	22.00	16.50	.23	.53	-4.53	50.00	.37	.56 N	90.3	5.0	.9	14.8	.26	1.5	10-05-83	80.1	.7	1.1	34.95	12.68	1282
So Hospitality	SHOS	4.75	4.38	4.38	-.38	-7.89	7.50	4.38	-.17	-.86	-4.23	-5.98	.27	.07 S	29.1	89.0	3.8	14.1	.00	.0	00-00-00	26.3	1.0	.8	4.32	.24	0583
Steak n Shake	STAK	9.25	7.88	8.00	-.38	-4.48	10.00	4.00	-.12	-1.54	3.06	6.63	.29	.07 Q	31.8	67.0	2.0	27.6	.00	.0	05-17-79	64.4	1.3	1.1	4.94	2.76	0982
Victoria Stations	VSTA	7.25	5.88	6.75	-.63	-8.47	13.63	5.88	-.33	-.81	.65	14.65	-2.39	-1.81 N	NE	-85.0	-7.1	NE	.00	.0	09-19-79	111.9	-8.0	.6	8.39	8.51	0383
Wendys Intl	WEN	19.75	18.25	18.50	-.63	-3.27	22.00	14.38	-.26	-.27	-1.39	-28.48	1.13	.19 N	17.4	22.0	7.3	14.5	.32	1.7	11-03-83	604.3	44.1	.8	2.53	6.50	1282
Western Steer	WSMP	11.50	11.50	11.50	.00	.00	17.50	9.50	.12	.54	5.60	69.86	.92	-.07 N	-6.1	7.0	3.1	10.8	.16	1.4	11-18-83	28.8	.9	1.3	6.21	7.23	0283
Winners Cp	WNER	13.88	11.88	12.00	-2.00	-14.29	17.13	11.88	-.55	-1.49	-2.83	-18.38	.63	-.03 N	-4.7	11.0	2.6	20.0	.00	.0	03-10-83	83.1	2.2	.5	7.06	6.43	1282

KEY: NA—Not Applicable NC—Not Calculable NE—Negative Earnings Q-First Quarter S-Six months N-Nine months F-Fiscal year
**—Other than a quarterly multiple resulting from a fiscal year change.*

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FINANCIAL NEWS

T.G.I. Friday's net up 10%

DALLAS—T.G.I. Friday's has reported 1983 net profit up 10.3% to $10.4 million from $9.4 million in 1982. Revenue for the year jumped 22.3% to $229.5 million.

Fourth-quarter profit slipped 5% from the year-earlier period to $1.65 million on a gain in revenue from $48.6 million to $55 million. The company's 1983 fourth quarter, ended Jan. 2, consisted of 12 weeks as compared with 13 weeks for the fourth quarter of fiscal 1982.

Daniel R. Scoggin, president and chief executive officer of T.G.I. Friday's, attributed the lower-fourth-quarter earnings to one-time interest expenses, higher costs of labor and benefits associated with new restaurant openings and future expansion plans, and the closing of one restaurant.

"Of the 14 new restaurants opened during the year, four were opened in the fourth quarter," said Scoggin. "We did not exercise our lease option on an older Friday's in Tampa which was below our current standards and was replaced with two recently opened Friday's in the area," he added.

T.G.I. Friday's operates, franchises and licenses more than 85 casual theme restaurants coast-to-coast known as T.G.I. Friday's, Dalt's and Fast Friday's. The company plans to open 20 to 25 new restaurants this year, including a new prototype for its Dalt's concept.

Chi-Chi's acquires Boston franchisee

LOUISVILLE, Ky.—Chi-Chi's Inc. said it acquired its Boston franchisee, Chi-Chi's of New England Inc., for common stock valued at $10 million.

The franchisee operated three of the chain's Mexican dinnerhouses and owned the rights to territory big enough to support six more outlets, the company said.

Chi-Chi's said it will swap 418,704 newly issued shares for the franchisee. The company has 26.9 million shares outstanding.

The six-year-old company began a strategy of buying back franchisees in early 1982 after halting the sale of massive territorial agreements in 1981.

Since then, Chi-Chi's has purchased three franchisees, reacquiring the rights to much of the eastern parts of the United States.

Kelly-Johnston Enterprises of Oklahoma City, Okla., which operates some 25 Chi-Chi's, is often mentioned as a likely candidate for a future buy-back.

The company netted $8 million, an 82% gain over the previous year's six-month period, on $74.3 million in revenue, a 68% advance.

ARA profit rises 16% in first qtr.

PHILADELPHIA—ARA Services, continuing its strong showing established during fiscal 1983, posted a net profit of $16 million for the first quarter ended Dec. 31, a 16% increase over last year's initial three months.

Revenue for the quarter was $843 million, up 13% over year-earlier results.

ARA president and ceo Joseph Neubauer, noting that "all five of the company's segments showed improved sales and operating income" during the quarter, attributed the positive trend to "organizational changes, increased marketing efforts and clearly defined financial strategies" instituted during fiscal 1983.

In the area of food and refreshment services, ARA's vending Services division and Canadian operations showed the most significant increases for the quarter, with the Air Group the only weak performer in the segment.

G. D. Ritzy's loses $809G in '83

COLUMBUS, Ohio—G. D. Ritzy's, a burger and ice cream chain, trimmed its deficit to $809,000 for the year ended Dec. 31 from a $993,000 net loss in 1982.

Year-long revenue was up 201% to $9 million from the year before.

In the fourth quarter, the 3½-year-old company posted its first profit—$40,000—compared to the previous year's $381,000 net loss.

"This is a definite benchmark," said chairman Graydon D. Webb. "We're continuing a tradition of decreased losses leading to a profit."

G. D. Ritzy's finished the year with 58 units, 32 of them franchised. In addition, 13 were under construction, eight of them by franchisees.

Webb predicted the chain would number 160 units by the end of 1984 as 75 more franchised units opened. Revenue, he said, would double, net profit, he wouldn't say.

Systemwide sales for the year were $13.1 million and $4.8 million for the fourth quarter.

Ritzy's sells premium-priced ice cream and sandwiches in a 1940's atmosphere.

Raffles going public to raise $24M

MIAMI—With plans to shift restaurant expansion into high gear, Creative Restaurant Enterprises, operator of seven Raffles Bar & Grills, has filed to go public and raise up to $24 million.

The 13-year-old company hopes to sell at least 1.6 million shares priced at $12 to $14 each.

The company plans to use its share of the windfall to build seven more pub-restaurants over the next 18 months. Since the first Raffles opened in December 1979, the firm's emphasis has gradually shifted from catering for speedways and movie theaters to restaurants.

Creative Restaurant Enterprises' recreational food-service division handles catering and merchandising operations at about 100 movie theaters in the Southeast and at several race tracks, including the one known for the Dayton "500."

The Raffles concept rests heavily on alcoholic beverage sales, though the company is building up food sales to smooth out the traffic fluctuations bars suffer as they go in and out of style.

The first Raffles was opened in Miami's Dadeland Mall. Others followed in Lakeland, Orlando, Fort Myers and north Miami, Fla., and in Atlanta, Ga.

For the six months ended Sept. 30, Creative Restaurant Enterprises posted net profit of $792,000, a 107% jump over the same 1982 period.

Hamburger Hamlet profit increases to $321,224

BEVERLY HILLS, Calif.—Hamburger Hamlets Inc. has posted a 126% increase in net profit to $321,224 for the third quarter ended Dec. 25, from $141,898 for the same period last year. Net sales for the period were $8.8 million, compared to $8.3 million a year ago.

Nine-month net profits were up 93% to $617,866 on a 5% gain in sales to $26.2 million, compared to last year's first 39 weeks. The company said the nine-month sales figure was the highest for any like period in its 33-year history.

Construction is set to begin soon on the company's new Hamlet Garden restaurant in Westwood Village, its second restaurant in that district of Los Angeles. The 22-unit upscale burger chain, founded here by Marilyn and Harry Lewis, operates 17 units in the Los Angeles area, four in the Washington, D.C. area and one in Chicago.

Taco Viva net increases 36%

POMPANO BEACH, Fla.—Taco Viva reported that net profit for the second quarter ended Nov. 30 increased 36% to $200,000, compared to the same period the previous year.

Sales were up 49% to $5.2 million in the quarter.

For six months net profit rose 22% to $435,000 and sales went up 47% to $10.3 million.

J. Brion Foulke III, president, said the third quarter had the highest sales and profits in Taco Viva's 16-year history.

Holiday Inns profit rises 28% in '83

MEMPHIS—Holiday Inns reported a 28% rise in net profit to $124.4 million for fiscal 1983. Revenue was up 11% to $1.59 billion.

Profit for the fourth quarter was up 55% to $15.4 million on a 17% rise in revenue to $393.9, compared to the same period a year earlier.

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EARNINGS REPORT

Company	Period	Period Ended	Total Sales*	% Change	Revenues*†	% Change	Net Income (Loss)*	% Change
ARA Services	3 mos.	12/31			$ 843.000	13.0	$ 16.000	16.0
Big Bite	3 mos.	9/30			4.700		1.500	
Chi-Chi's Inc.	6 mos.	10/83			74.300	68.0	8.000	82.0
Consul Corp.	3 mos.	11/30			13.981	200.0	0.120	30.0
	6 mos.				27.000	92.0	0.801	95.0
Creative Rest. Ent.	6 mos.	9/30			14.400	23.0	0.792	107.0
G. D. Ritzy's	12 mos.	12/31	$13.100		9.000	201.0	– 0.809	107.0
	3 mos.		4.800				0.040	
Int'l Dairy Queen	12 mos.	11/30			99.300	17.5	7.200	16.7
	3 mos.				23.500	19.5	0.982	11.7
Jerrico	3 mos.	9/30			125.600	8.0	5.900	3.0
Luby's Cafeterias	3 mos.	11/30			38.900	14.0	3.600	14.0
Marriott	12 mos.	12/30			3,000.000	19.0	115.200	22.0
	3 mos.				948.800	22.0	31.000	21.0
Nankin Express	3 mos.	10/9			0.218	76.0	– 0.069	
	9 mos.		0.365	111.0			– 0.173	
Piccadilly Cafeterias	3 mos.	12/31	44.700	12.0			2.400	– 5.0
	6 mos.		85.500	10.0			3.700	– 16.0
Po Folks Inc.	3 mos.	1/1			23.300	63.0	0.798	65.0
Taco Viva	3 mos.	11/30	5.200	49.0			0.200	36.0
	6 mos.		10.300	47.0			0.435	22.0
T.G.I. Friday's	12 mos.				229.500	22.3	10.400	10.3
	3 mos.	1/2			55.000	13.1	1.650	– 5.0
Vie de France	6 mos.	12/11			24.200	32.0	2.400	32.0
Western Steer	3 mos.	11/4			9.020	28.0	0.494	65.0
	9 mos.				24.700	25.0	0.949	34.0

Source: *Company earnings reports*

—loss in corresponding period
**In millions*
†In cases where companies do not break out their total sales for all units, revenues are indicated instead. These generally consist of company-owned restaurant sales, franchise fees and rental incomes, royalties and operating income, as well as other miscellaneous incomes, such as interest income and gains on real estate and construction.